

# **ANNUAL BUDGET OF UMNGENI MUNICIPALITY**



## **2018/19 TO 2020/21 MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS**

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- All public libraries within the municipality
- At [www.umngeni.gov.za](http://www.umngeni.gov.za)

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## Abbreviations and Acronyms

ASGISA	Accelerated and Shared Growth Initiative	MBRR	Municipal Budget & Reporting Regulations
BPC	Budget Planning Committee	MEC	Member of the Executive Committee
CFO	Chief Financial Officer	MFMA	Municipal Financial Management Act
CM	Municipality Manager	MIG	Municipal Infrastructure Grant
CPI	Consumer Price Index	MPRA	Municipal Properties Rates Act
CRRF	Capital Replacement Reserve Fund	MSA	Municipal Systems Act
DBSA	Development Bank of South Africa	MTEF	Medium-term Expenditure Framework
DoRA	Division of Revenue Act	MTREF	Medium-term Revenue and Expenditure Framework
DWA	Department of Water Affairs	NERSA	National Electricity Regulator South Africa
EE	Employment Equity	NGO	Non-Governmental Organisations
EEDSM	Energy Efficiency Demand Side Management	NKPIs	National Key Performance Indicators
FBS	Free basic services	OHS	Occupational Health and Safety
GAMAP	Generally Accepted Municipal Accounting Practice	OP	Operational Plan
GDP	Gross Domestic Product	PBO	Public Benefit Organisations
GDS	Gauteng Growth and Development Strategy	PHC	Provincial Health Care
GFS	Government Financial Statistics	PMS	Performance Management System
GRAP	General Recognised Accounting Practice	PPE	Property Plant and Equipment
HR	Human Resources	PPP	Public Private Partnership
HSRC	Human Science Research Council	PTIS	Public Transport Infrastructure System
IDP	Integrated Development Plan	RG	Restructuring Grant.
IT	Information Technology	RSC	Regional Services Council
kℓ	kilolitre	SALGA	South African Local Government Association
km	kilometre	SAPS	South African Police Service
KPA	Key Performance Area	SDBIP	Service Delivery Budget
KPI	Key Performance Indicator		
kWh	kilowatt hour		
ℓ	litre		
LED	Local Economic Development		
M	Mayor		
			Implementation Plan
			SMME Small Micro and Medium Enterprises

## **Part 1 – Annual Budget**

### **1.1 Mayor's Report**

#### **SPEECH BY THE MAYOR OF uMNGENI MUNICIPALITY**

**CLLR R S SOKHELA PRESENTED TO THE MUNICIPAL COUNCIL THE 2018/2019, 2019/2020  
AND 2020/2021 ANNUAL BUDGET IN THE COUNCIL CHAMBERS, HOWICK,**

**ON WEDNESDAY 30 MAY 2018**



#### **MAYOR'S BUDGET SUMMARY**

**DATE: 30 MAY 2018**

Honourable Councillors, local government remains the closest sphere of government in our democratic system in the realization of the basic service delivery requirements for our communities.

Our task as the Councillors, together with the administration of uMngeni Municipality is to effect the service delivery needs of our people to the very best of our abilities. This was stated even in 1996 by the then President of South Africa, Nelson Mandela, during the national summit for organized local government.

Mandela said to the attendees who were mostly first time councillors: "You have the task of doing whatever is necessary to ensure that our local government system serves the needs of our communities. You have the responsibility to make their voice heard and to provide an effective instrument for them to improve their lives".

In summary honourable Councillors our task is to do whatever is necessary to ensure that services are delivered to our communities and that the communities we represent in this Council are developed.

As 2018 has been declared the year of Nelson Mandela it is fitting therefore to sample from the wisdom of Madiba in our pursuit of this pivotal responsibility.

Notably, this year, our country also celebrates the centenary of one of the great daughters of the African soil Mama Albertina Sisulu, who dedicated her life to fight for the emancipation of women and the liberation of South Africa.

This budget is tabled in front of this Council as per the requirements of the Local Government: Municipal Finance Management Act.

The Act states in part that, “the council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.

Sub-section (2) of the same Act states that “in order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year”.

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The municipality's business and service delivery priorities have been reviewed as part of this year's planning and budget process. Where appropriate, funds will be transferred from low- to high-priority programmes so as to maintain sound financial stewardship.

The main challenges experienced during the compilation of the draft budget before us can be summarized as follows, but not limited to:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained roads and electricity infrastructure;
- The need to reprioritize projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies
- Affordability of capital projects

Fiscal constraints mean that municipalities must renew their focus on core service delivery functions and reduce costs without adversely affecting basic services. Furthermore they must ensure that efficiency gains, eradication of non-priority spending (as per cost containment measures) and the reprioritization of expenditure relating to core infrastructure continue to inform the planning framework.

## **CHALLENGES & SOLUTIONS**

### **Revenue collection and electricity theft**

Honourable Councillors, you will agree with me that local governments across the country continue to face significant financial management and governance challenges. Many municipalities do not collect the funds that are owed to them which negatively affects service delivery.

As is well documented and has been discussed numerous in this very chamber one of our main challenge in our municipality is revenue collection which adversely affects our planning.

The compounding elements to our poor revenue collection includes, but not limited to:

- Unabated electricity losses
- Meter tempering
- Non-payment of rates
- Non-payment of refuse removal
- Municipal flat rental owed to the municipality
- Unbilled households
- Incorrect billing of some business establishments
- Lack of verification of personal details by some customers which results in customers not receiving their billing statements on time.

These challenges have to be addressed as a matter of urgency in order for our municipality to be able to complement the Municipal Infrastructure Grant (MIG) allocation so that we can be in a position to fund additional projects from our own funds. This will ensure that we stretch the possibilities of service delivery that we envisage achieving.

To address electricity losses, smart metering is a solution. I reported during the IDP/Budget Imbizo that last year, a commitment was made to roll out a smart metering project to curtail runaway electricity theft. In the current financial year we have lost R73 million weighing against bulk purchases by the municipality to supply electricity to our communities.

Through my engagements with our management there is light at the end of the tunnel.

A service provider has been appointed for the implementation of smart metering. I am happy to report that the project is currently at its final stages of planning and I am equally confident in reporting that by end of June 2018, implementation would have already been ongoing.

The project will not be funded by the municipality, the service provider will inherit all start up and roll out costs at risk. The municipality will receive a share and benefit from the spin-offs of increased revenue.

The municipality is also owed a debt of R117 740 million on rates, electricity (mainly on conventional metres); refuse collection and on rental through municipal flats.

This coupled with the losses on electricity theft presents a huge challenge in our ability to render above standard service delivery.

Again the tide is turning on addressing this enormous debt to the municipality. I am again happy to report to this Council that a service provider with traceable references and vast experience in debt collection has been appointed and is set to commence in the next financial year.

The service provider will undertake the task of debt collection at risk, mainly dealing with debt exceeding 90 days, while our credit control section will still concentrate on debt owed to the municipality from zero to 60 days. The instruction for the service provider is that debt collection processes must even go as far as assisting the municipality with default judgements and litigation processes.

### **Tariff review**

Further examinations in trying to address our poor revenue collection uncovered that we are losing out on thousands of rands monthly through incorrect billing of businesses.

As a result an exercise was undertaken through our electricity and billing units, where it was revealed that some businesses are under paying for services rendered by the municipality.

Councillors will recall that a meeting with business people and interested members of the public was held on 23 May 2018 to review the tariffs and the aim was to rectify the possible incorrect billing on some of the business properties. This was done with the permission from the National Energy Regulator of South Africa (Nersa).

### **Budget deficit and the municipal financial recovery strategy**

It is fitting honourable Councillors to divulge that myself together with the Deputy Mayor and the Municipal Manager and her team, undertook an exercise of revisiting the budget to reshape it not only for the tasks ahead in the 2018/2019 financial year, but for the outer years as well.

This important exercise comprised of assessing the inputs brought forward by Councillors, Ward Committee members and the public during the IDP/Budget Imbizo. Added were the priority projects and programmes emanating from all the 12 wards. The aforementioned were contrasted with the financial status of the municipality.

At the top of the list during the session was to wholly close the deficit which was R20 million. Achieving this will go a long way in us curbing and ultimately preventing unauthorized expenditure. Another added advantage in addressing the deficit is the obligation we now have as the municipality to not redress into a deficit but to prioritize changing our financial position to a positive and service delivery driven state.

In the session we:-

- Drastically reduced overtime in the Waste Management, Parks, Gardens and Refuse Collection sections in favour of job creation.

The overtime estimates for the 2018/2019 which were well more than R2 million in these sections were slashed to fill 36 vacancies that will heavily assist in curbing overtime in these sections. Moreover, a further saving of R604 000 was also realized.

It is important to note as well that overtime was reduced from all departments as well, including our traffic section opting again for job creation instead. The increased personnel at our traffic section will lead to an increase in issuing of fines which will contribute towards our much needed enhancement of revenue.

- We did away with overtime for cashiers by removing them altogether from their Saturday shift which will result in a further saving. Instead members of the public can utilize available facilities such as Pick 'n Pay, Spar and Sasol Garage in Mpophomeni and other facilities to either pay or purchase electricity.
- We scrapped unnecessary contracts entered into by the municipality. This resulted in a saving of R860 000. The administration has also been tasked to review all municipal lease agreements to ascertain if they are market value related. We want to establish whether we are being short changed or not.

- We tasked our finance department to conduct a reclassification of rates category programme for all properties that seem to be exploiting the municipal system.
- We have resolved to pursue the introduction of a pay-parking system at the Howick CBD to increase our revenue base.
- We discontinued internal repairs on our municipal buildings until our finances are positive and on an upward improvement. This has resulted in a saving of just over R1 million.
- Our administration has been tasked to commence a project of data cleansing. This is to ensure that all properties within our jurisdiction are billed accordingly.
- We combined the position of IDP Manager with that of PMS Manager which will result in a saving as well. The logic behind is to strengthen the alignment of all IDP plans with the performance management system of the municipality, whilst also improving our monitoring and evaluation.

#### **Streamlining of work between the planning and finance departments**

Another task that our administration has been assigned to discharge is the verification of and the synergizing of alterations and improvements on our ratepayers' properties through our planning department and whether they are correctly captured by our valuers and whether or not they are billed accordingly by our finance department.

This exercise seeks to ascertain without a doubt that the streamlining of work between the municipal Planning and finance departments with service providers responsible for the municipal Valuation Roll has is done correctly, this is to ensure all properties with building improvements or have significantly increased in value are valued correctly.

This will weed out any properties that have fallen by the wayside and in turn contribute to our revenue enhancement plans.

These honourable Councillors are sum of the highlights of our session in reshaping the budget to be service delivery driven. Over the course of the new financial year, updates will be provided at relevant portfolio committee meetings, ultimately to the Executive Committee meeting and to Council for Councillors to play their oversight role.

#### **SUCCESS & PLANS**

During the IDP/Budget Imbizo I highlighted some of the successes by our municipality achieved in the current financial year and shared plans for the next financial year.

The success included:

#### **Completed Projects (funded through MIG)**

**Roads**

<b>WARD</b>	<b>PROJECT NAME</b>	<b>COST IMPLICATIONS</b>
3	Main Road	<b>R2, 026, 225 million</b>
	Emathuneni Road	<b>R1, 439, 683 million</b>
4	Mbhoyi Shabalala Street	<b>R4, 020, 736 million</b>
	Loop Road	<b>R1, 854, 134 million</b>
6	Middle Road	<b>R1, 421, 133 million</b>
	End Road	<b>R1, 222, 323 million</b>
8	73, 82, 89 Roads and Winnie Mandela Drive	<b>R3, 071, 293 million</b>
	65 Road and Ntswelaboya Street	<b>R3, 042, 193 million</b>
9	Mthombo Road (Mpophomeni)	<b>R2, 748, 003 million</b>
	Sirkot Road (Lion's River)	<b>R832, 691</b>
	Fynn & Smith Street (Lion's River)	<b>R2, 149, 007 million</b>

10	Mntambo and Ngcobo Roads	R2, 665, 183 million
	Mkhiwane and Ntokozo Roads	R3, 469, 390 million
11	Nxala and Chakide Roads	R2, 488, 509 million
	Impala and Imbabala Roads	R2, 861, 440 million
	Inyala and Korea Roads	R2, 448, 508 million
12	Sompisi Road	R1, 532, 158 million
	Mpempe Road	R1, 570, 224 million

**Rehabilitation in the CBD, Howick & Hilton (completed)**

Road resurfaced:-

- Berea Road
- Devonshire Road
- Cuckoo Lane
- Budleigh Road
- Michaels Street
- Ogilvie Road
- Harvard Street
- Somme Street
- Somme Street
- Bell Street
- Brindy Road
- Park Road
- Gieekie Road

**Total cost: R13.5 million**

**New projects (to be funded through MIG)**

**Roads**

WARD	PROJECT NAME	COST IMPLICATIONS
1	Chris Hani Road	R3, 469, 390 million



3	School Road	R3, 105, 227 million
4	Sweetvalue Street	R3, 135, 275 million
6	Nxumalo Road	R2, 042, 149 million
7	B2 Intersection	R2, 150, 000 million
9	Mthembu and Ndlovu Roads	R2, 748, 003 million
10	Shayamoya and Mnikathi Roads	R3, 100, 00 million
12	Mnquhe Road	R2, 561, 440 million

**Rehabilitation in the Howick, Merrivale & Hilton (new)**

Road to be resurfaced:

- Hilton Avenue
- Morling Street
- Fraser Street
- Currys Post Road
- Railway Road
- Acacia Road
- Central Road
- Valley View Road
- Weir Road
- Zeederberg Road
- Hayfields Road

**Total cost: R7 million**

Infrastructure development remains a priority in our municipality. Roads make a crucial contribution to economic development and growth and bring important social benefits. They are of vital importance in order to make communities grow and develop.

Over and above the aforementioned achievements in the current financial year as the municipality we completed the following projects:

**Electricity**

<b>WARD</b>	<b>AREA</b>	<b>NUMBER OF CONNECTIONS</b>
<b>4</b>	Gamalethu	<b>45</b>
	Amatayteleni Farm	<b>5</b>
	Woodlands	<b>12</b>
	Lutchman Farm (Phase I)	<b>80</b>
<b>5</b>	Colbourne Farm	<b>6</b>
	Tholiwe Farm	<b>5</b>
	Yarrow Farm	<b>8</b>
	Sadel Farm	<b>5</b>
<b>7</b>	Khanya Village (Phase I)	<b>95</b>
<b>8</b>	KwaChief	<b>107</b>
<b>9</b>	Boytoff Farm	<b>22</b>

	Nguga	127
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#### New Electricity Projects

WARD	AREA	NUMBER OF EXPECTED CONNECTIONS
6	Hawkstone Farm	10
8	Mashingeni	90
9	Mulberry Farm	11
	Haza	115
	Molten & Selsey	8
	Papertree Farm	8
12	Cosmo School Village	47
	Tumbleweed	50
	KwaMevana	25

All of us in this chamber today cannot even imagine how our daily lives would be without electricity. Yet to some of communities this important scientific invention, which is one of the greatest innovations of mankind, remains but a dream. That is why in the next financial we will endeavor again to pursue the realization of this basic service delivery need.

**Other notable achievements by this Council in the 2017/2018 financial year include, but not limited to:**

- Ward 4: Completion of the combo court in Lidgetton
- Ward 7: Completion of 100 houses as part of Phase I in Cedara
- Ward 8: Completion of the Ward 8 hall in Mpophomeni
- Ward 12: Construction and completion of a 750 sidewalk/pavement in KwaMevana

#### **Departmental Achievements: Highlights**

##### **– Nelson Mandela Capture Site:**

After continued engagements by the myself with the MEC for Cooperative Governance and Traditional Affairs in KZN, the department recently resolved to inject R24.5 million for the completion of the Nelson Mandela Capture Site.

The breakdown of the funding is as follows:

Contractor budget owing to complete the main building:	<b><u>R12.5 million</u></b>
Professional Team additional funding:	<b><u>R4, 501 097.43 million</u></b>
Land acquisition for future development	<b><u>R6 million</u></b>
Eskom power upgrade repayment	<b><u>R950 000</u></b>
Water upgrading still to be done	<b><u>R700 000</u></b>
<b>Total:</b>	<b>R24, 501, 097.43</b>

##### **– Special Programmes: People With Disabilities**

Under the theme “unity in action in advancing human rights uMngeni Municipality held an event in March 2017 to raise awareness and promote respect for basic human rights amongst people with disabilities.

The event was used as a platform to allow people with disabilities to air their needs and concerns to the relevant departments for implementation by the sector departments.

On 16 and 17 May 2017 disabled people were invited to register their companies. They were given the basic information on business management and assisted with registering to the municipal database.

– **Job creation**

It remains the responsibility of this Council to create employment and in the 2017 financial year we filled 22 vacant posts including four traffic wardens. It is the first time in uMngeni Municipality since the start of local government in its current form to have traffic wardens.

It is of the high priority that uMngeni Municipality provides its community with a safe and conducive environment. The Traffic Wardens are performing the most common, most important and highest risk duties.

– **SMME Development**

in keeping with the prescripts of radical economic transformation, we have spent **R5, 416, 642.57 million** procuring various goods and services from various emerging service providers across all the 12 wards.

– **Disaster relief efforts**

In the 2017/2018 financial year we assisted 13 households with disaster relief due to house fires in Mpophomeni, KwaMevana, KwaChief, Lidgetton West, and Tumbleweed. The relief distributed included blankets, sponges, mattresses and tents.

– **Pothole Repairs**

8500 square metres of potholes have been repaired in the 2017/2018 financial year through contractors and utilization of the municipal team attached to the roads and storm water section.

– **Capacitation of emerging contractors**

There are 8 emerging contractors attached to two major contractors that have been capacitated on pothole repairs, and they will be upgraded with the assistance of the major contractors to move up from grade CIDB 1CE to 2CE CIDB. These emerging contractors will be utilized going forward on our continued efforts to repair potholes.

– **Litter bins**

75 bins have been procured and have been distributed to these following areas:

Nottingham Road: 11

CBD: 19

Main Road: 11

Hilton: 8

Howick Falls and Morling Street: 16

Mpophomeni Taxi Ranks, Mpophomeni Hall, and Mpophomeni Theatre: 10

– **Expanded Public Works Programme (EPWP) (Employment)**

Community Works Programme (CWP): 550 beneficiaries

General Maintenance: 150 beneficiaries

Food for Waste: 100 beneficiaries

Curry's Post Landfill Site transfer station: 32 beneficiaries

Environmental Skills Development Programme – 10 beneficiaries

**2018/2019 budget highlights**

Before I hand over to the CFO, Mr Gwala to give the breakdown of the budget allow me honourable Councillors, as I conclude to highlight that the next financial year's Income Budget is projected at R391.8 million and the Expenditure Budget is R391.6 million, with the projected surplus of R210 000.

The bulk purchases have been set at R110 million. Our MIG allocation is set at R22.6 million which will be allocated to the projects as I have outlined.

As part of our internal funding for capital projects we have set aside an amount of R6.8 million. Off this amount R5 million is earmarked for purchasing land for social housing in wards 5 and 6, and R1.8 million will be utilized for the procurement of office equipment.

**Conclusion**

In conclusion honourable Councillors our journey in this current term must not only be characterized by challenges, but also the acceleration of above standard service delivery.

We must heighten the tripartite relationship that exist in every municipality across the country and the globe, which is the Council, Community and Administration.

To Councillors, I would like us to also bear in mind that the challenges faced by the municipality and the solutions outlined above thereof demand that we not only present a united front, but we must come together in an unprecedented way to realize the aspirations of our people.

This requires of us to be real leaders in our communities. Leaders help others to do the right things. A leader is one who knows the way, goes the way, and shows the way. Leadership is influence aimed at attaining positive outcomes.

Allow me to elaborate, take the situation of non-payment of rates and electricity theft, in the case of the municipality we lead, leaders would influence the public towards the overall vision of the municipality not to flex their power to the detriment of the very municipality, which almost ends up affecting the very same communities negatively, in our case through staggered service delivery.

As leaders we must encourage our communities to pay for rates and electricity. By our communities doing the right thing, our municipality will be in a better position to provide services and advocate improved development for the very same communities.

The tripartite relationship I mentioned above wholly involves our communities as well. We will fail the public if we forego forging the right kinds of relationship with them.

We exist as this Council because they exist. Our relationship must be open and transparent. This entails us as Councillors teaching them how the municipality operates so that they are fully aware of their role as residents and as ratepayers. If we do not, we risk finding ourselves in an all familiar situation of our public demanding services while they abdicate their responsibilities to the municipality.

To our administration (along with the entire staff complement), who are another pivotal leg of the tripod that completes the tripartite relationship, without all of you doing your maximum best in your respective positions to solve the public's concerns, we are unlikely to realize the vision of where this municipality can be.

The administration is the implementer of Councillors' visions and the hopes of our communities. So far, our administration has not maximally assisted this Council. The best of their abilities has not been tested and this is both worrying and perplexing because our role is simple, it is to do our best to meet the demands of our communities.

We must not only grumble Honourable Councillors, because it is us in this house today that can solve the challenges in front of us and herald a new era in our municipality.

It is us the people in this house today that must heighten oversight, monitoring and evaluation of the plans this municipality has for our communities.

I am optimistic Councillors about the future of our municipality, after all optimism and hope combined with an unprecedented leadership style from our side and a heightened work ethic from our administration, will lead to the achievement of our people's wishes.

At the end of this financial year we must pride ourselves of having have worked tirelessly in changing the conditions of our people.

In doing so we must remain strongly committed to the principles of accountability, transparency, good governance, proper financial management and effective internal control systems.

**I THANK YOU**

## **1.2 Council Resolutions**

On 30 May 2018 the Council of uMngeni Municipality Local Municipality met in the Council Chambers of uMngeni Municipality to consider the annual budget of the municipality for the financial year 2018/19. The Council approved and adopted the following resolutions:

1. That in terms of section 24 of the Municipal Finance Management Act, 56 of 2003, the draft annual budget of uMngeni Municipality for the financial year 2018/2019 and indicative allocations for the two projected outer years 2019/2020 and 2020/2021, and the multi-year and single year capital appropriations are approved as set out in the following tables:

1.1 Budgeted Financial Performance (revenue & expenditure by standard classification)

1.2 Budgeted Financial Performance (revenue and expenditure by municipal vote)

1.3 Budgeted Financial Performance (revenue by source and expenditure by type)

1.4 Single year capital appropriations by municipal vote and standard classification and associated funding by source

2. That the financial position, cash flow, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are adopted as set out in the following tables

2.1 Budgeted Financial Position

2.2 Budgeted Cash Flows

2.3 Cash backed reserves and accumulated surplus reconciliation

2.4 Asset Management

2.5 Basic service delivery measurement

3. That in terms of section 24(2)(c)(i) and (ii) of the Municipal Finance Management Act, 56 of 2003 and sections 74 and 75A of the Local Government: Municipal Systems Act, Act 32 of 2000 as amended, the draft tariffs for the supply of electricity, refuse removal and all other tariffs as set out in Other Supporting Documents be approved.

4. That in terms of section 5 of the Municipal Property Rates Act, 6 of 2004, the draft rates policy be approved

5. That in terms of section 24(2)(c)(v) of the Municipal Finance Management Act, 56 of 2003 the various draft budget-related policies be approved.

6. That in terms of section 14 of the Municipal Property Rates Act, 6 of 2004 the draft rate randage and conditions as set out in Other Supporting Documents be approved.



7. That in terms of section 24(2)(c)(ii) of the Municipal Finance Management Act, 56 of 2003, the measurable performance objectives for draft capital and operating expenditure by vote for each year of the medium term revenue and expenditure framework be approved.

8. That the Basic Services Package of Electricity and Refuse Removal as set out in the Tariff Policy be approved.

9. That the salaries, wages and allowances of all employees must be increased as per Salary and Wage Collective Agreement.

10. Approved in accordance with the gazette on the Remuneration of Public Officer Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published on 21 December 2015 by the Department of Cooperative Governance.

### **1.3 Executive Summary**

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainable, economically and equitably to all communities.

The Municipality's business and service delivery priorities are reviewed as part of this year's planning and budget process. Where appropriate, funds will be transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review will be undertaken of expenditures on non-core and 'nice to have' items. Key areas where savings can be realized will be on telephone and internet usage, printing, workshops, travel, accommodation, and catering.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers.

National Treasury's MFMA Circular No. 89 was used to guide the compilation of the 2018/19 MTREF.

The main challenges experienced during the compilation of the 2018/19 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy;
- Aging and poorly maintained roads and electricity infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies;
- Affordability of capital projects – original allocations had to be reduced to grant funded projects and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2018/19 MTREF process; and

- Availability of affordable capital/borrowing.

The following budget principles and guidelines directly informed the compilation of the 2018/19 MTREF:

- The 2017/2018 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2018/19 annual budget;
- Intermediate service level standards will be used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

Fiscal constraints mean that transfers to municipalities will grow more slowly in the period ahead than they have in the past. Accordingly, municipalities must renew their focus on core service delivery functions and reduce costs without adversely affecting basic services. Furthermore they must ensure that efficiency gains, eradication of non-priority spending (cost containment measures and the reprioritisation of expenditure relating to core infrastructure continue to inform the planning framework.

The state of the economy has an adverse effect on the consumers. As a result municipalities' revenues and cash flows are expected to remain under pressure.

#### Review of local infrastructure grants

The collaborative review of the local government infrastructure grant system led by the National Treasury is still underway. The first phase of the review, completed in 2014, identified necessary reforms that will be made in 2018/19:

- The rules in the municipal infrastructure will be amended to allow funds to be used to refurbish and replace infrastructure, but only if municipalities demonstrate that assets have been maintained on a regular basis. Maintenance must be budgeted for as part of the normal business of municipalities.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2018/19 Medium-term Revenue and Expenditure Framework:

**Table 1 Consolidated Overview of the 2018/19 MTREF**

Details	Adjustment Budget 2017/2018	Budget Year 2018/2019	Budget Year 2019/2020	Budget Year 2020/2021
<b>Total Operating Revenue</b>	<b>362,176,197</b>	<b>391,818,120</b>	<b>411,869,014</b>	<b>440,722,538</b>
<b>Total Operating Expenditure</b>	<b>362,148,482</b>	<b>391,608,059</b>	<b>409,373,099</b>	<b>435,421,575</b>
<b>Surplus/(deficit) for the year</b>	<b>27,715</b>	<b>210,061</b>	<b>2,495,916</b>	<b>5,300,963</b>
<b>Total Capital Expenditure</b>	<b>36,726,771</b>	<b>34,500,190</b>	<b>24,993,316</b>	<b>26,189,804</b>

Total operating revenue has increased by 8,1 per cent or R 29,6 million for the 2018/2019 financial year when compared to the 2017/2018 Adjustments Budget. For the two outer years, operational revenue will increase by R 19,0 million and R 30,1million respectively.

Total operating expenditure for the 2018/2019 financial year has been appropriated at R 391,6 million and translates into a budgeted surplus of R 210 thousand. When compared to the 2017/18 Adjustments Budget, operational expenditure has increased by R 29,4million or 8,1 per cent in the 2018/2019 budget and increased to 4,4 and further increased to 6,6 per cent for each of the respective outer years of the MTREF. The operating surplus for the two outer years is R 1,9 million and R5,0 million respectively. These surpluses will be used to fund capital expenditure and to further ensure cash backing of reserves and funds.

The capital budget of R 34,5 million for 2018/2019 is 6 per cent less when compared to the 2017/2018 Adjustment Budget. Note that the Municipality has reached its prudential borrowing limits and so there is very little scope to substantially increase these borrowing levels over the medium-term.

## 1.4 Operating Revenue Framework

For uMngeni Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure 88per cent annual collection rate for property rates and other key service charges, the collection rate for the outer years is 88 percent.
- Electricity tariff increases as approved by the National Energy Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to electricity;

- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2018/2019 MTREF (classified by main revenue source):

**Table 2 Summary of revenue classified by main revenue source**

KZN222 uMngeni - Table A4 Budgeted Financial Performance (revenue and expenditure)

REVENUE BY SOURCE - Table A4 Budgeted financial performance (revenue and expenditure)											
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source											
Property rates	2	119,499	154,860	162,511	185,228	185,228	185,228	185,228	199,346	210,310	221,677
Service charges - electricity revenue	2	52,718	56,672	61,887	78,330	78,330	78,330	78,330	83,688	89,412	95,528
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	5,049	5,815	6,273	5,882	5,882	5,882	5,882	6,187	6,528	6,887
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		844	701	757	765	762	762	762	802	846	893
Interest earned - external investments		2,741	3,634	2,234	2,937	2,337	2,337	2,337	2,459	2,594	2,737
Interest earned - outstanding debtors		1,655	1,715	1,942	2,085	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		28,238	16,444	62,236	52,905	13,221	13,221	13,221	13,908	14,673	15,480
Licences and permits		2,655	3,206	3,495	3,660	4,822	4,822	4,822	3,862	4,075	4,299
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		48,146	53,692	61,197	89,081	65,481	65,481	65,481	75,373	76,898	86,130
Other revenue	2	9,665	3,703	5,741	7,534	6,114	6,114	6,114	6,193	6,534	6,893
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		271,212	300,442	368,274	428,406	362,176	362,176	362,176	391,818	411,869	440,723

**Table 3 Percentage apportionment in revenue by main revenue source**

<b>SUMMARY OF 2018/2019</b>						
<b>Description</b>	<b>Adjustments Budget Year 2017/18</b>	<b>Budget Year 2018/2019</b>	<b>%</b>	<b>Budget Year 2019/2020</b>	<b>%</b>	<b>Budget Year 2020/2021</b>
<b>Revenue By Source</b>						
Property rates	185,228,107	199,345,529.00	51%	210,309,533.12	51%	221,876,557.44
Service charges - electricity revenue	78,329,825	83,687,586.00	21%	89,411,816.00	22%	95,527,585.27
Service charges - refuse revenue	5,881,502	6,187,339.78	2%	6,527,644.08	2%	6,886,663.68
Rental of facilities and equipment	762,300	801,938.55	0%	846,045.17	0%	892,577.65
Interest earned - external investments	2,337,199	2,458,734.40	1%	2,593,964.79	1%	2,736,632.86
Fines	13,220,868	13,908,353.14	4%	14,673,312.56	4%	15,480,344.75
Licences and permits	4,821,563	3,862,484.28	1%	4,074,920.91	1%	4,299,041.56
Transfers recognised - operational	65,481,000	75,373,000.00	19%	76,898,000.00	19%	86,130,000.00
Other revenue	6,113,833	6,193,153.52	2%	6,533,777.63	2%	6,893,135.28
<b>NET OPERATING INCOME</b>	<b>362,176,196.75</b>	<b>391,818,118.65</b>	<b>100.00%</b>	<b>411,869,014.26</b>	<b>100.00%</b>	<b>440,722,538.49</b>

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise more than two thirds of the total revenue mix. In the 2017/2018 financial year (adjusted budget), revenue from rates and services charges totalled R 269,4 million. This increases to R 289,2 million, R 306,2 million and R324,2 million in the respective financial years of the MTREF. This growth can be mainly attributed to the supplementary valuation rolls and the increased share that the sale of electricity contributes to the total revenue mix, which in turn is due to rapid increases in the Eskom tariffs, for bulk electricity. Details in this regard are contained in Table 59 MBRR SA1 (see page 96).

Property rates are the largest revenue source totalling 51 per cent or R199,3 million rand and increases to R 210,3 million by 2019/2020. The second largest source is user charges for services which consists of sale of electricity and refuse removal charges. Operating Grants & Subsidies are the third largest revenue source totalling 19 per cent in 2018/2019 and decreases to 18 per cent in 2019/2020. Departments have been urged to review the tariffs of items like building plan fees, connection fees, advertisements and permits and licenses on an annual basis to ensure they are cost reflective and market related.

Operating grants and transfers totals R 75,3 million in the 2018/2019 financial year and increases to R76,8 million by 2019/2020. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

**Table 4 Operating Transfers and Grant Receipts**

KZN222 uMngeni - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
National Government:		44,911	50,028	57,984	62,148	62,148	62,148	70,935	71,754	81,769
Local Government Equitable Share		40,229	44,316	49,326	49,902	49,902	49,902	60,165	66,484	73,599
Municipal Systems Improvement		1,315	930	-	-	-	-	-	-	-
Finance Management		1,977	1,600	1,341	1,700	1,700	1,700	1,770	1,770	1,770
EPWP incentive		972	1,466	1,317	1,000	1,000	1,000	1,000	-	-
Integrated National Electrification Programme		418	1,715	6,000	5,000	5,000	5,000	8,000	3,500	6,400
Other transfers/grants [insert description]		-	-	-	4,546	4,546	4,546	-	-	-
Provincial Government:		2,913	3,664	3,213	26,933	3,333	3,333	4,438	5,144	4,361
KZN Library		2,752	2,976	3,026	2,774	2,774	2,774	3,352	3,520	3,696
KZN Museum		161	656	175	183	183	183	192	202	213
Cleanest Town		-	1	-	-	-	-	-	-	-
Data Cleansing		-	25	-	-	-	-	-	-	-
Other transfers/grants [insert description]		-	7	12	23,976	376	376	894	1,422	452
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	5	47,824	53,692	61,197	89,081	65,481	65,481	75,373	76,898	86,130
<b>Capital Transfers and Grants</b>										
National Government:		17,440	26,047	15,866	23,400	23,379	23,379	22,646	23,039	24,128
Municipal Infrastructure Grant (MIG)		17,440	26,047	15,866	23,400	23,379	23,379	22,646	23,039	24,128
Dept of Energy - NATIONAL GRANT		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert desc]		-	-	-	-	-	-	-	-	-
Provincial Government:		32,312	10,588	10,181	-	19,500	19,500	5,000	-	-
Mandela Capture site and Cedara College		32,312	10,588	10,181	-	19,500	19,500	5,000	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	5	49,752	36,635	26,047	23,400	42,879	42,879	27,646	23,039	24,128
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		97,576	90,327	87,245	112,481	108,360	108,360	103,019	99,937	110,258

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 5.2 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.



The percentage increases of Eskom bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's electricity and in these tariffs are largely outside the control of the Municipality. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

#### **1.4.1 Property Rates**

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circulars No. 66 and 67 deals, inter alia, with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0.25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further R105 000 reduction on the market value of a property will be granted in terms of the Municipality's own Property Rates Policy;
- 30 per cent rebate will be granted on all residential properties;
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 60 per cent will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not exceed R11500 per month. In this regard the following stipulations are relevant:
  - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;
  - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
  - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
  - The property must be categorized as residential.
- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rate-able properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur

sport. The owner of such a property must apply to the Council in the prescribed format for such a grant.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2018/2019 financial year based on the proposed rate randage of 1.50 cents in the Rand from 1 July 2018 is contained below:



**Table 5 Comparison of proposed rates to be levied for the 2018/2019 financial year**

Category	Category	Current Tariff (1 July 2017)	Proposed Tariff (1 July 2018)	Proposed Rebates (from 1 July 2018)
		C	C	%
Residential	1	1.43 c/R	1.50c/R	30%
Industrial	2	1.43c /R	1.50c/R	0%
Business & Commercial	3	1.43 c/R	1.50c/R	0%
Rural- Agriculture	4	1.43 c/R	1.50c/R	82.5%
Rural – Commercial	5	1.43c/R	1.50c/R	30%
Rural-Residential	6	1.43 c/R	1.50c/R	30%
State Owned Properties	7	1.43 c/R	1.50c/R	30%
Municipal Properties	8	1.43 c/R	1.50c/R	100%
Public Service Infrastructure (Roads)	9	1.43 c/R	1.50c/R	As per the new MPRA act
Public Service Infrastructure (Other)	10	1.43 c/R	1.50c/R	As per the new MPRA act
Private Towns	11	1.43 c/R	1.50c/R	0%
Informal Settlements	12	1.43 c/R	1.50c/R	30%
Mining & Quarries	13	1.43 c/R	1.50c/R	20%
Vacant Land	14	1.43 c/R	1.50c/R	0%
Protected Areas	15	1.43c/R	1.50c/R	100%
National Monuments	16	1.43 c/R	1.50c/R	100%
Multi-Purpose	17	1.43 c/R	1.50c/R	0%
Bulk Development Land	18	1.43 c/R	1.50c/R	40%

#### 1.4.2 Sale of Electricity and Impact of Tariff Increases

In terms of the Multi Year Price Determination (MYPD) for Eskom's tariffs approved by the National Energy Regulator of South Africa (Nersa), a tariff increase of 6.84 per cent has been approved for the 2018/2019 financial year. However NERSA has not yet approved and published guidelines on municipal electricity price increase for 2018/19 financial year.

Registered indigents will again be granted 100 kWh per 30-day period free of charge.

The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for domestic customers:

**Table 6 Comparison between current electricity charges and increases (Domestic)**

Monthly Consumption kWh	Current Tariffs Payable	Proposed Tariffs Payable	Percentage Increase Increase
1-50 kWh	86c/kWh	92c/kWh	6.84%
51-350 kWh	110c/kWh	118c/kWh	6.84%
351-600 kWh	148c/kWh	158c/kWh	6.84%
601kWh and above	175c/kWh	187c/kWh	6.84%

During his budget speech on 24 February 2018, the Minister of Finance announced that electricity levy will be increased by 2 cents per kWh. A special municipal circular will be issued in due course to guide municipalities on the implementation of the 2 cents per kWh electricity level. In interim municipalities are advised to use the guideline issued by NERSA to set their tariffs for the 2018/19 financial year.

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented from 1 July 2018. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor). This Municipality has already implemented the stepped tariff structure from 1 July 2017 and will continue with this practice in 2018/2019.

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the Municipality. Most of the suburbs and inner Municipality reticulation network was designed or strengthened in the early 1980's with an expected 20-25 year life-expectancy. The upgrading of the Municipality's electricity network has therefore become a strategic priority, especially the substations and transmission lines.

Owing to the high increases in Eskom's bulk tariffs, it is clearly not possible to fund these necessary upgrades through increases in the municipal electricity tariff – as the resultant tariff increases would be unaffordable for the consumers. As part of the 2018/2019 medium-term capital programme, funding has been allocated to electricity infrastructure but these funding levels will require further investigation as part of the next budget cycle in an attempt to source more funding to ensure this risk is mitigated.

#### 1.4.3 Waste Removal and Impact of Tariff Increases

It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term.

A 5.2 per cent increase in the waste removal tariff is proposed from 1 July 2018. Higher increases will not be viable in 2018/2019 owing to the significant increases implemented in previous financial years as well as the overall impact of higher than inflation increases of other services. Any increase higher than 5.2 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2018:

**Table 7 Comparison between current waste removal fees and increases**

Type of Consumer	Description	Current Tariffs	Proposed Tariffs
		2017/2018	2018/2019
<b>Domestic Consumers</b>	Consumers /Ratepayers with total market value per property up to R200 000	Free	Free
<b>Commercial / Consumers</b>	Consumer/Ratepayers with property values in excess of R200 000	R 65.11per month	R 68.50 per month
	One Collection per week per 120 litre bin	R 121.57 per month	R 127.89 per month
<b>Government</b>	One Collection per week per 120 litre bin	R 108.07 per month	R 113.69 per month

#### 1.4.4 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept to between 5.2 to 7 percent, with the increase for indigent households closer to 5.2per cent. Electricity increases however impacts on the total household bill.

**Table 8 MBRR Table SA14 – Household bills**

KZN222 uMngeni - Supporting Table SA14 Household bills

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19 % Incr.	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		7,027.29	5,422.90	5,748.27	6,093.17	6,093.17	6,093.17	5.2%	6,410.01	6,756.16	7,127.74
Electricity: Basic levy		109.69	84.27	89.66	94.50	94.50	94.50	5.2%	99.41	104.78	110.55
Electricity: Consumption		1,184.17	905.00	860.68	901.62	901.62	901.62	5.2%	948.50	999.72	1,054.71
Water: Basic levy		-	-	-	-	-	-	-	-	-	-
Water: Consumption		-	-	-	-	-	-	-	-	-	-
Sanitation		-	-	-	-	-	-	-	-	-	-
Refuse removal		57.53	45.40	45.37	50.98	50.98	50.98	5.2%	53.63	55.53	58.64
Other		-	-	-	-	-	-	-	-	-	-
sub-total		8,378.68	6,457.57	6,743.98	7,140.27	7,140.27	7,140.27	5.2%	7,511.56	7,917.19	8,352.63
VAT on Services		-	-	-	-	-	-	-	-	-	-
Total large household bill:		8,378.68	6,457.57	6,743.98	7,140.27	7,140.27	7,140.27	5.2%	7,511.56	7,917.19	8,352.63
% increase/decrease			(22.9%)	4.4%	5.9%	-	-	5.2%	5.2%	5.4%	5.5%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		5,999.78	5,812.00	7,027.29	3,802.01	3,802.01	3,802.01	5.2%	3,999.71	4,215.70	4,447.56
Electricity: Basic levy		135.18	91.36	109.69	94.50	94.50	94.50	5.2%	99.41	104.78	110.55
Electricity: Consumption		542.68	986.37	1,184.17	436.01	436.01	436.01	5.2%	458.68	483.45	510.04
Water: Basic levy		-	-	-	-	-	-	-	-	-	-
Water: Consumption		-	-	-	-	-	-	-	-	-	-
Sanitation		-	-	-	-	-	-	-	-	-	-
Refuse removal		69.29	50.45	57.53	52.55	52.55	52.55	5.2%	55.28	58.21	61.41
Other		-	-	-	-	-	-	-	-	-	-
sub-total		6,686.94	6,940.18	8,378.68	4,385.07	4,385.07	4,385.07	5.2%	4,613.09	4,862.13	5,129.56
VAT on Services		-	-	-	-	-	-	-	-	-	-
Total small household bill:		6,686.94	6,940.18	8,378.68	4,385.07	4,385.07	4,385.07	5.2%	4,613.09	4,862.15	5,129.56
% increase/decrease			3.8%	20.7%	(47.7%)	-	-	5.2%	5.2%	5.4%	5.5%
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates		3,644.87	3,900.65	3,588.80	3,802.01	3,802.01	3,802.01	5.2%	3,999.71	4,215.70	4,447.56
Electricity: Basic levy		79.80	84.27	80.23	94.50	94.50	94.50	5.2%	99.41	104.78	110.55
Electricity: Consumption		373.80	379.00	397.95	436.01	436.01	436.01	5.2%	458.68	483.45	510.04
Water: Basic levy		-	-	-	-	-	-	-	-	-	-
Water: Consumption		-	-	-	-	-	-	-	-	-	-
Sanitation		-	-	-	-	-	-	-	-	-	-
Refuse removal		42.80	45.40	47.67	52.55	52.55	52.55	5.2%	55.28	58.27	61.47
Other		-	-	-	-	-	-	-	-	-	-
sub-total		4,141.27	4,409.32	4,122.65	4,385.07	4,385.07	4,385.07	5.2%	4,613.09	4,862.20	5,129.62
VAT on Services		-	-	-	-	-	-	-	-	-	-
Total small household bill:		4,141.27	4,409.32	4,122.65	4,385.07	4,385.07	4,385.07	5.2%	4,613.09	4,862.20	5,129.62
% increase/decrease			6.5%	(6.5%)	6.4%	-	-	5.2%	5.2%	5.4%	5.5%

## Operating Expenditure Framework

The Municipality's expenditure framework for the 2018/2019 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and

- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

Expenditure By Type											
Employee related costs	2	83,397	87,437	89,805	114,560	104,090	104,090	104,090	112,197	120,066	128,458
Remuneration of councillors		6,119	7,237	7,369	7,901	8,895	8,895	8,895	9,517	10,184	10,897
Debt impairment	3	22,033	25,991	48,059	33,346	9,389	9,389	9,389	9,878	10,421	10,994
Depreciation & asset impairment	2	41,825	42,805	42,063	30,741	30,741	30,741	30,741	32,340	34,118	35,995
Finance charges		4,303	3,442	4,154	5,409	6,459	6,459	6,459	6,801	7,176	7,570
Bulk purchases	2	72,286	83,792	97,795	103,353	88,353	88,353	88,353	110,422	116,496	122,903
Other materials	8	-	-	-	-	-	-	-	-	-	-
Contracted services		11,226	13,469	13,831	13,578	25,179	25,179	25,179	25,132	26,514	27,972
Transfers and subsidies		-	-	-	3,730	3,676	3,676	3,676	2,289	2,415	2,548
Other expenditure	4, 5	58,306	76,233	89,588	115,626	85,366	85,366	85,366	83,032	81,984	88,085
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Expenditure		299,495	340,404	392,664	428,244	362,148	362,148	362,148	391,608	409,373	435,422

The budgeted allocation for employee related costs for the 2018/2019 financial year totals R112,7 million, which equals 28,8per cent of the total operating expenditure. Salary increases have been factored into this budget at a percentage increase of 7 per cent for the 2018/2019 financial year. An annual increase of 7 per cent has been included in the two outer years of the MTREF.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R 32.3 million for the 2018/2019 financial and equates to 8,28 per cent of the total operating expenditure. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). Finance charges make up 1.74 per cent (R6, 8 million) of operating expenditure excluding annual redemption for 2017/2018 and increases to R 7,1 million in 2018/19. As previously noted, the Municipality has reached its prudential limits for borrowing – hence the planned borrowing to finance the capital budget does not result in finance charges as a percentage of operational expenditure increasing – rather it is kept close to 5.3per cent over the MTREF.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.

Contracted services have been identified as a cost saving area for the Municipality. As part of the compilation of the 2018/2019 MTREF this group of expenditure was critically evaluated and

operational efficiencies were enforced. In the 2017/18 financial year, this group of expenditure totals R25,1 million. For the two outer years growth has been limited to R 26,5 and R27,9 million respectively. As part of the process of identifying further cost efficiencies, a business process reengineering project will commence in the 2018/2019 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out. The outcome of this exercise will be factored into the next budget cycle and it is envisaged that additional cost savings will be implemented.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth has been limited to 24, 6 per cent for 2018/2019 and curbed at 24, 1 per cent for the two outer years, indicating that significant cost savings have been already realised.

#### **1.4.5 Priority given to repairs and maintenance**

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2018/2019 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

#### **Table 9 Operational repairs and maintenance**

During the compilation of the 2018/2019 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. To this end, repairs and maintenance was decreased in the 2018/2019 financial year, from R 26, 8 million to R19,0 million. The total allocation for 2018/2019 equates to R19,0 million.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:



KZN222 uMngeni - Supporting Table SA34a Repairs and maintenance expenditure by asset class

KZN222 uMhlangeni - Supporting Table SA34a Repairs and maintenance expenditure by asset class																
Description	Ref	2014/15			2015/16			2016/17			Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21						
<b>Infrastructure</b>		4,150	18,880	17,866	16,777	16,677	16,977	16,896	16,786	11,367						
Roads Infrastructure		3,140	13,247	11,306	11,054	10,954	10,654	10,583	10,473	7,083						
Roads		3,140	13,247	11,306	11,054	10,954	10,654	10,583	10,473	7,083						
Road Structures		-	-	-	-	-	-	-	-	-						
Road Furniture		-	-	-	-	-	-	-	-	-						
Capital Spares		-	-	-	-	-	-	-	-	-						
Storm water Infrastructure		-	-	74	107	167	167	216	204	240						
Drainage Collection		-	-	-	-	-	-	-	-	-						
Storm water Conveyance		-	-	74	107	167	167	216	204	240						
Attenuation		-	-	-	-	-	-	-	-	-						
Electrical Infrastructure		2,160	5,492	5,656	2,160	3,256	3,256	2,908	2,908	2,934						
Power Plants		-	-	-	-	-	-	-	-	-						
HV Substations		-	-	-	-	-	-	-	-	-						
HV Switching Station		-	-	-	-	-	-	-	-	-						
HV Transmission Conductors		-	-	-	-	-	-	-	-	-						
MV Substations		2,160	5,492	5,656	2,160	3,256	3,256	2,908	2,908	2,934						
MV Switching Stations		-	-	-	-	-	-	-	-	-						
MV Networks		-	-	-	-	-	-	-	-	-						
LV Networks		-	-	-	-	-	-	-	-	-						
Capital Spares		-	-	-	-	-	-	-	-	-						
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-						
Dams and Weirs		-	-	-	-	-	-	-	-	-						
Boreholes		-	-	-	-	-	-	-	-	-						
Reservoirs		-	-	-	-	-	-	-	-	-						
Pump Stations		-	-	-	-	-	-	-	-	-						
Water Treatment Works		-	-	-	-	-	-	-	-	-						
Bulk Mains		-	-	-	-	-	-	-	-	-						
Distribution		-	-	-	-	-	-	-	-	-						
Distribution Points		-	-	-	-	-	-	-	-	-						
PRV Stations		-	-	-	-	-	-	-	-	-						
Capital Spares		-	-	-	-	-	-	-	-	-						
Sewerage Infrastructure		-	-	-	-	-	-	-	-	-						
Pump Station		-	-	-	-	-	-	-	-	-						
Refuse		-	-	-	-	-	-	-	-	-						
Waste Water Treatment Works		-	-	-	-	-	-	-	-	-						
Outlet Sewers		-	-	-	-	-	-	-	-	-						
Toller Facilities		-	-	-	-	-	-	-	-	-						
Capital Spares		-	-	-	-	-	-	-	-	-						
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-						
Landfill Sites		-	-	-	-	-	-	-	-	-						
Waste Transfer Stations		-	-	-	-	-	-	-	-	-						
Waste Processing Facilities		-	-	-	-	-	-	-	-	-						
Waste Drop-off Points		-	-	-	-	-	-	-	-	-						
Waste Separation Facilities		-	-	-	-	-	-	-	-	-						
Electricity Generation Facilities		-	-	-	-	-	-	-	-	-						
Capital Spares		-	-	-	-	-	-	-	-	-						
Rail Infrastructure		-	-	-	-	-	-	-	-	-						
Rail Lines		-	-	-	-	-	-	-	-	-						
Rail Structures		-	-	-	-	-	-	-	-	-						
Rail Furniture		-	-	-	-	-	-	-	-	-						
Drainage Collection		-	-	-	-	-	-	-	-	-						
Storm water Conveyance		-	-	-	-	-	-	-	-	-						
Attenuation		-	-	-	-	-	-	-	-	-						
MV Substations		-	-	-	-	-	-	-	-	-						
LV Networks		-	-	-	-	-	-	-	-	-						
Capital Spares		-	-	-	-	-	-	-	-	-						
Coastal Infrastructure		-	-	-	-	-	-	-	-	-						
Band Pumps		-	-	-	-	-	-	-	-	-						
Piers		-	-	-	-	-	-	-	-	-						
Revetments		-	-	-	-	-	-	-	-	-						
Promenades		-	-	-	-	-	-	-	-	-						
Capital Spares		-	-	-	-	-	-	-	-	-						
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-						
Data Centres		-	-	-	-	-	-	-	-	-						
Core Layers		-	-	-	-	-	-	-	-	-						
Distribution Layers		-	-	-	-	-	-	-	-	-						
Capital Spares		-	-	-	-	-	-	-	-	-						
<b>COMMUNITY ASSETS</b>		240	1,080	800	1,700	1,700	1,700	1,600	1,600	1,600						
Community Facilities		240	1,080	800	1,700	1,700	1,700	1,600	1,600	1,600						
Halls		100	1,080	800	1,700	1,700	1,700	1,600	1,600	1,600						
Centres		-	-	-	-	-	-	-	-	-						
Grades		-	-	-	-	-	-	-	-	-						
Childcare Centres		-	-	-	-	-	-	-	-	-						
Fire/Ambulance Stations		-	-	-	-	-	-	-	-	-						
Trading Stations		-	-	-	-	-	-	-	-	-						
Museums		-	-	-	-	-	-	-	-	-						
Galleries		-	-	-	-	-	-	-	-	-						
Theatres		-	-	-	-	-	-	-	-	-						
Libraries		-	-	-	-	-	-	-	-	-						
Cemeteries/Crematoria		-	-	-	-	-	-	-	-	-						
Police		160	100	-	432	432	432	-	-	-						
Parks		-	27	-	208	208	208	208	208	208						
Public Open Space		-	3	-	-	-	-	-	-	-						
Nature Reserves		-	-	-	-	-	-	-	-	-						
Public Abolition Facilities		-	-	-	-	-	-	-	-	-						
Markets		-	-	-	-	-	-	-	-	-						
Stalls		-	-	-	-	-	-	-	-	-						
Absentees		-	-	-	-	-	-	-	-	-						
Airports		-	-	-	-	-	-	-	-	-						
Taxi Ranks/Bus Terminals		-	-	-	-	-	-	-	-	-						
Capital Spares		-	-	-	-	-	-	-	-	-						
Sport and Recreation Facilities		100	313	-	665	665	665	713	713	713						
Indoor Facilities		-	-	-	-	-	-	-	-	-						
Outdoor Facilities		100	313	-	665	665	665	713	713	713						
Capital Spares		-	-	-	-	-	-	-	-	-						
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-						
Monuments		-	-	-	-	-	-	-	-	-						
Heritage Buildings		-	-	-	-	-	-	-	-	-						
Works of Art		-	-	-	-	-	-	-	-	-						
Conservation Areas		-	-	-	-	-	-	-	-	-						
Other Heritage		-	-	-	-	-	-	-	-	-						
<b>Investment Assets</b>		-	-	-	-	-	-	-	-	-						
Revenue Generating		-	-	-	-	-	-	-	-	-						
Improved Property		-	-	-	-	-	-	-	-	-						
Unimproved Property		-	-	-	-	-	-	-	-	-						
Non-revenue Generating		-	-	-	-	-	-	-	-	-						
Improved Property		-	-	-	-	-	-	-	-	-						
Unimproved Property		-	-	-	-	-	-	-	-	-						
<b>Other Assets</b>		-	-	-	517	3,336	3,336	7,532	7,532	7,532						
Operational Buildings		-	-	-	517	3,336	3,336	7,532	7,532	7,532						
Municipal Offices		-	-	-	517	3,336	3,336	7,532	7,532	7,532						
Pay/Inquiry Points		-	-	-	-	-	-	-	-	-						
Building Plan Offices		-	-	-	-	-	-	-	-	-						
Workshops		-	-	-	-	-	-	-	-	-						
Yards		-	-	-	-	-	-	-	-	-						
Stores		-	-	-	-	-	-	-	-	-						
Laboratories		-	-	-	-	-	-	-	-	-						
Training Centres		-	-	-	-	-	-	-	-	-						
Manufacturing Plant		-	-	-	-	-	-	-	-	-						
Dapots		-	-	-	-	-	-	-	-	-						
Capital Spares		-	-	-	-	-	-	-	-	-						
Housing		-	-	-	-	-	-	-	-	-						
Staff Housing		-	-	-	-	-	-	-	-	-						
Social Housing		-	-	-	-	-	-	-	-	-						
Capital Spares		-	-	-	-	-	-	-	-	-						
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-						
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-						
<b>Intangible Assets</b>		-	-	-	-	-	-	-	-	-						
Sevillides		-	-	-	-	-	-	-	-	-						
Licences and Rights		-	-	-	-	-	-	-	-	-						
Water Rights		-	-	-	-	-	-	-	-	-						
Effluent Licences		-	-	-	-	-	-	-	-	-						
Solid Waste Licences		-	-	-	-	-	-	-	-	-						
Computer Software and Applications		-	-	-	-	-	-	-	-	-						
Local Government Software Applications		-	-	-	-	-	-	-	-	-						
Unspecified		-	-	-	-	-	-	-	-	-						
<b>Computer Equipment</b>		-	-	-	-	-	-	-	-	-						
Computer Equipment		-	-	-	-	-	-	-	-	-						
<b>Furniture and Office Equipment</b>		6,564	3,100	4,403	6,444	5,544	5,544	750	750	750						
Furniture and Office Equipment		6,564	3,100	4,403	6,444	5,544	5,544	750	750	750						
<b>Machinery and Equipment</b>		-	-	-	-	-	-	-	-	-						
Machinery and Equipment		-	-	-	-	-	-	-	-	-						
<b>Transport Assets</b>		-	-	-	-	-	-	-	-	-						
Transport Assets		-	-	-	-	-	-	-	-	-						
<b>Libraries</b>		-	-	-	-	-	-	-	-	-						
Libraries		-	-	-	-	-	-	-	-	-						
<b>Zoo's, Marine and Non-Biological Animals</b>		-	-	-	-	-	-	-	-	-						
Zoo's, Marine and Non-Biological Animals		-	-	-	-	-	-	-	-	-						
<b>Total Repairs and Maintenance Expenditure</b>		12,847	21,368	22,989	79,593	79,619	79,619	19,088	20,094	21,126						

For the 2018/2019 financial year 53,6 per cent or R 10,2million of total repairs and maintenance will be spent on infrastructure assets. Community assets have been allocated R 8,8million of total repairs and maintenance equating to 46,4 per cent. This is to comply with the requirements of National Treasury Circulars 66 & 67 to budget for at least 8% of Property, Plant & Equipment for renewal and operational repairs and maintenance of existing asset infrastructure.

#### **1.4.6 Free Basic Services: Basic Social Services Package**

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. There is currently plus / minus 2774 debtors registered as indigent and the target is to register 500 or more indigent households during the 2018/2019 financial year, a process reviewed every six months.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

### **1.5 Capital expenditure**

The following table provides a breakdown of budgeted capital expenditure by vote:



**Table 10 2018/19 Medium-term capital budget per vote**

KZN222 uMngeni - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>	<b>1</b>										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	<b>2</b>										
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Planning Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 6 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 7 -		-	-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	<b>7</b>	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>	<b>2</b>										
Vote 1 - Executive and Council		2,822	30	5,063	186	256	256	256	263	284	299
Vote 2 - Finance		-	113	187	148	678	678	678	314	331	349
Vote 3 - Corporate Services		-	180	347	3,763	3,463	3,463	3,463	329	347	366
Vote 4 - Planning Services		30,814	9,934	14,684	121	19,621	19,621	19,621	5,128	135	142
Vote 5 - Community Services		-	791	956	266	266	266	266	5,280	295	311
Vote 6 - Technical Services		21,361	7,962	21,307	25,923	24,922	24,922	24,922	23,181	23,602	24,722
Vote 7 -		-	-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		54,996	19,010	42,545	30,407	49,206	49,206	49,206	34,500	24,993	26,190
<b>Total Capital Expenditure - Vote</b>		54,996	19,010	42,545	30,407	49,206	49,206	49,206	34,500	24,993	26,190

For 2018/2019 an amount of R 34,5 million has been appropriated for the development of infrastructure which represents 67 per cent of the total capital budget. In the outer years this amount totals R24, 9 million, 94 per cent and R26, 1million respectively for each of the financial years.

Further detail relating to asset classes and proposed capital expenditure is contained in Table 20 MBRR A9 (Asset Management) on page 34.

## 1.6 Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2018/2019 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

**Table 11 MBRR Table A1 - Budget Summary**

**KZN222 uMngeni - Table A1 Budget Summary**

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	119,499	154,860	162,511	185,228	185,228	185,228	185,228	199,346	210,310	221,877
Service charges	57,768	62,487	68,160	84,211	84,211	84,211	84,211	89,875	95,939	102,414
Investment revenue	2,741	3,634	2,234	2,937	2,337	2,337	2,337	2,459	2,594	2,737
Transfers recognised - operational	48,146	53,692	61,197	89,081	65,481	65,481	65,481	75,373	76,898	86,130
Other own revenue	43,058	25,769	74,172	66,949	24,919	24,919	24,919	24,766	26,128	27,565
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>271,212</b>	<b>300,442</b>	<b>368,274</b>	<b>428,406</b>	<b>362,176</b>	<b>362,176</b>	<b>362,176</b>	<b>391,818</b>	<b>411,869</b>	<b>440,723</b>
Employee costs	83,397	87,437	89,805	114,560	104,090	104,090	104,090	112,197	120,066	126,458
Remuneration of councillors	6,119	7,237	7,369	7,901	8,895	8,895	8,895	9,517	10,184	10,897
Depreciation & asset impairment	41,825	42,805	42,063	30,741	30,741	30,741	30,741	32,340	34,118	35,995
Finance charges	4,303	3,442	4,154	5,409	6,459	6,459	6,459	6,801	7,176	7,570
Materials and bulk purchases	72,286	83,792	97,795	103,353	88,353	88,353	88,353	110,422	116,496	122,903
Transfers and grants	-	-	-	3,730	3,676	3,676	3,676	2,289	2,415	2,548
Other expenditure	91,585	115,692	151,478	162,550	119,934	119,934	119,934	118,041	118,919	127,051
<b>Total Expenditure</b>	<b>299,495</b>	<b>340,404</b>	<b>392,664</b>	<b>428,244</b>	<b>362,148</b>	<b>362,148</b>	<b>362,148</b>	<b>391,608</b>	<b>409,373</b>	<b>435,422</b>
<b>Surplus/(Deficit)</b>	<b>(28,283)</b>	<b>(39,962)</b>	<b>(24,390)</b>	<b>162</b>	<b>28</b>	<b>28</b>	<b>28</b>	<b>210</b>	<b>2,496</b>	<b>5,301</b>
Transfers and subsidies - capital (monetary allocations)	54,831	17,440	26,047	23,400	42,879	42,879	42,879	27,646	23,039	24,128
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>26,547</b>	<b>(22,522)</b>	<b>1,658</b>	<b>23,562</b>	<b>42,907</b>	<b>42,907</b>	<b>42,907</b>	<b>27,856</b>	<b>25,535</b>	<b>29,429</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>26,547</b>	<b>(22,522)</b>	<b>1,658</b>	<b>23,562</b>	<b>42,907</b>	<b>42,907</b>	<b>42,907</b>	<b>27,856</b>	<b>25,535</b>	<b>29,429</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>54,996</b>	<b>19,010</b>	<b>42,545</b>	<b>30,407</b>	<b>49,206</b>	<b>49,206</b>	<b>49,206</b>	<b>34,500</b>	<b>24,993</b>	<b>26,190</b>
Transfers recognised - capital	54,377	6,852	26,047	23,400	42,879	42,879	42,879	27,646	23,039	24,128
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	620	12,158	16,498	7,007	6,327	6,327	6,327	6,854	1,954	2,062
<b>Total sources of capital funds</b>	<b>54,996</b>	<b>19,010</b>	<b>42,545</b>	<b>30,407</b>	<b>49,206</b>	<b>49,206</b>	<b>49,206</b>	<b>34,500</b>	<b>24,993</b>	<b>26,190</b>
<b>Financial position</b>										
Total current assets	94,615	105,459	100,312	58,452	60,842	60,842	60,842	72,944	83,121	90,358
Total non current assets	799,625	775,958	775,730	801,628	807,948	807,948	807,948	773,447	775,670	763,644
Total current liabilities	48,778	42,922	36,564	29,715	30,367	30,367	30,367	25,583	23,937	23,051
Total non current liabilities	78,401	82,271	92,194	44,114	44,114	44,114	44,114	42,356	40,154	37,808
Community wealth/Equity	767,060	756,225	747,284	786,250	794,309	794,309	794,309	778,452	794,701	793,144
<b>Cash flows</b>										
Net cash from (used) operating	64,837	27,455	(20,612)	30,440	46,874	46,874	46,874	32,960	30,142	34,818
Net cash from (used) investing	(62,929)	(25,915)	24,041	(30,407)	(49,206)	(49,206)	(49,206)	(34,500)	(24,993)	(26,190)
Net cash from (used) financing	(2,524)	(2,847)	454	(3,387)	(3,387)	(3,387)	(3,387)	(3,124)	(3,312)	(3,511)
<b>Cash/cash equivalents at the year end</b>	<b>8,060</b>	<b>6,796</b>	<b>10,679</b>	<b>10,677</b>	<b>9,635</b>	<b>9,635</b>	<b>9,635</b>	<b>4,970</b>	<b>6,807</b>	<b>11,925</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	46,652	39,835	15,353	10,677	9,635	9,635	9,635	4,970	11,069	16,144
Application of cash and investments	(6,437)	(27,328)	(31,361)	(22,691)	(28,532)	(28,532)	(28,532)	(30,617)	(35,425)	(37,774)
<b>Balance - surplus (shortfall)</b>	<b>53,089</b>	<b>67,162</b>	<b>46,715</b>	<b>33,368</b>	<b>38,167</b>	<b>38,167</b>	<b>38,167</b>	<b>35,587</b>	<b>46,494</b>	<b>53,918</b>
<b>Asset management</b>										
Asset register summary (MDV)	794,225	770,449	775,728	803,348	807,948	807,948		766,175	809,728	837,874
Depreciation	41,825	42,805	42,063	30,741	30,741	30,741		32,340	34,118	35,995
Renewal of Existing Assets	-	-	-	-	-	-		-	-	-
Repairs and Maintenance	12,347	21,868	22,525	23,593	28,619	28,619		19,036	20,083	21,188
<b>Free services</b>										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	35,613	46,172	52,612	35,326	35,326	35,326	53,684	53,684	56,368	59,186
<b>Households below minimum service level</b>										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

### **Explanatory notes to MBRR Table A1 - Budget Summary**

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
  - b. Capital expenditure is balanced by capital funding sources, of which
    - i. Transfers recognised is reflected on the Financial Performance Budget;
    - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
    - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

**Table 12 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

**KZN222 uMngeni - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)**

Functional Classification Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>	<b>1</b>									
<b>Revenue - Functional</b>										
<i>Governance and administration</i>		230,379	223,367	237,338	268,794	264,485	264,485	284,764	300,691	319,561
Executive and council		195,694	178,543	212,734	236,042	233,956	233,956	254,961	271,253	288,779
Finance and administration		34,685	44,824	24,604	32,752	30,529	30,529	29,803	29,438	30,781
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		3,337	3,901	3,405	27,256	3,630	3,630	4,268	4,492	4,728
Community and social services		3,165	3,896	3,405	3,649	3,624	3,624	4,262	4,486	4,722
Sport and recreation		172	5	1	8	6	6	6	6	7
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	23,600	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		24,951	12,779	56,501	50,680	31,658	31,658	17,085	13,222	12,894
Planning and development		629	471	11,015	3,128	22,617	22,617	8,784	4,464	3,655
Road transport		24,322	12,307	55,486	47,551	9,041	9,041	8,301	8,757	9,239
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		67,375	77,836	87,076	105,076	105,283	105,283	113,347	116,503	127,668
Energy sources		56,907	65,816	73,898	92,208	92,415	92,415	100,776	102,922	112,972
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		10,468	12,019	13,178	12,868	12,868	12,868	12,571	13,582	14,696
<i>Other</i>	<b>4</b>	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	<b>2</b>	<b>326,042</b>	<b>317,882</b>	<b>394,322</b>	<b>451,806</b>	<b>405,055</b>	<b>405,055</b>	<b>419,464</b>	<b>434,908</b>	<b>464,851</b>
<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		129,500	152,814	145,497	141,903	147,203	147,203	155,675	164,111	174,138
Executive and council		38,005	52,716	42,482	41,971	46,793	46,793	45,893	48,780	51,851
Finance and administration		90,374	98,914	101,859	98,299	98,784	98,784	107,971	113,394	120,216
Internal audit		1,120	1,183	1,156	1,634	1,625	1,625	1,811	1,937	2,071
<i>Community and public safety</i>		16,729	17,163	16,924	45,951	18,016	18,016	19,364	20,592	21,980
Community and social services		6,749	9,006	8,883	10,624	8,162	8,162	8,568	9,139	9,749
Sport and recreation		8,864	7,349	9,023	9,814	8,574	8,574	9,663	10,321	11,023
Public safety		-	-	-	-	-	-	-	-	-
Housing		1,117	808	1,018	25,513	1,280	1,280	1,133	1,133	1,208
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		49,382	45,827	80,650	74,688	48,436	48,436	42,444	45,624	47,477
Planning and development		11,758	10,130	11,002	13,613	11,212	11,212	13,708	15,098	15,048
Road transport		37,624	35,697	69,648	61,075	37,224	37,224	28,735	30,526	32,430
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		103,879	124,596	149,588	165,695	148,487	148,487	174,119	179,039	191,818
Energy sources		80,391	101,871	120,886	129,825	116,631	116,631	141,389	144,310	154,966
Water management		-	-	-	-	-	-	-	-	-
Waste water management		3,006	2,279	2,414	2,843	2,664	2,664	2,853	3,048	3,256
Waste management		20,481	20,446	26,289	33,028	29,193	29,193	29,877	31,681	33,596
<i>Other</i>	<b>4</b>	<b>5</b>	<b>5</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>7</b>	<b>7</b>	<b>7</b>
<b>Total Expenditure - Functional</b>	<b>3</b>	<b>299,495</b>	<b>340,404</b>	<b>392,664</b>	<b>428,244</b>	<b>362,148</b>	<b>362,148</b>	<b>391,608</b>	<b>409,373</b>	<b>435,422</b>
<b>Surplus/(Deficit) for the year</b>		<b>26,547</b>	<b>(22,522)</b>	<b>1,658</b>	<b>23,562</b>	<b>42,907</b>	<b>42,907</b>	<b>27,856</b>	<b>25,535</b>	<b>29,429</b>

**Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 9 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for the Electricity function, but not the Waste management function.
4. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under Executive & Council.

**Table 13 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

**KZN222 uMngeni - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>										
<b>Revenue by Vote</b>	<b>1</b>									
Vote 1 - Executive and Council		195,694	178,543	212,734	236,042	233,957	233,957	254,961	271,253	288,779
Vote 2 - Finance		28,601	23,281	4,333	5,442	5,154	5,154	5,105	5,289	5,482
Vote 3 - Corporate Services		3,026	959	973	1,198	1,182	1,182	1,248	1,317	1,389
Vote 4 - Planning Services		629	471	11,015	3,128	22,639	22,639	8,807	4,489	3,681
Vote 5 - Community Services		27,435	15,965	58,707	74,527	12,398	12,398	12,273	12,938	13,638
Vote 6 - Technical Services		70,656	98,662	106,560	131,470	129,726	129,726	137,069	139,623	151,881
Vote 7 -		-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	<b>2</b>	<b>326,042</b>	<b>317,882</b>	<b>394,322</b>	<b>451,806</b>	<b>405,055</b>	<b>405,055</b>	<b>419,464</b>	<b>434,908</b>	<b>464,851</b>
<b>Expenditure by Vote to be appropriated</b>	<b>1</b>									
Vote 1 - Executive and Council		39,126	53,899	43,638	38,721	43,535	43,535	47,704	50,716	53,922
Vote 2 - Finance		61,113	63,929	63,564	54,408	53,279	53,279	54,749	57,890	61,219
Vote 3 - Corporate Services		18,079	24,301	26,169	32,495	33,215	33,215	34,621	36,731	38,971
Vote 4 - Planning Services		11,763	10,135	11,008	13,619	11,218	11,218	13,715	15,105	15,055
Vote 5 - Community Services		39,307	31,841	69,692	85,280	32,751	32,751	33,360	35,567	38,001
Vote 6 - Technical Services		130,106	156,300	178,593	203,722	188,150	188,150	207,459	213,365	228,252
Vote 7 -		-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	<b>2</b>	<b>299,495</b>	<b>340,404</b>	<b>392,664</b>	<b>428,244</b>	<b>362,148</b>	<b>362,148</b>	<b>391,608</b>	<b>409,373</b>	<b>435,422</b>
<b>Surplus/(Deficit) for the year</b>	<b>2</b>	<b>26,547</b>	<b>(22,522)</b>	<b>1,658</b>	<b>23,562</b>	<b>42,907</b>	<b>42,907</b>	<b>27,856</b>	<b>25,535</b>	<b>29,429</b>

**Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for the electricity trading service.

**Table 14 Surplus/(Deficit) calculations for the trading services**

	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue and Expenditure Framework		
Description	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit Outcome	Budget Year 2018/19	Budget Year 2016/17	Budget Year 2017/18
Operating Revenue	56,907	65,816	73,898	92,208	92,415	92,415		100,777	102,922	112,972
Operating Expenditure	80,391	101,871	120,886	129,825	116,631	116,631		141,389	144,310	154,966
Surplus for the year	(23,484)	(36,054)	(46,988)	(37,616)	(24,215)	(24,215)	-	(40,612)	(41,389)	(41,994)
Percentage Surplus	-41%	-55%	-64%	-41%	-26%	-26%		-40%	-40%	-37%

2. The electricity trading deficit is a major concern over the 2018/19 MTREF averaging -40 percent over the MTREF. This is primarily as a result of the high increases in Eskom bulk purchases, distribution losses through tampering, theft, illegal connections and the tariff setting policy of the municipality to buffer the impact of these increases on individual consumers.
3. Note that the deficit on the electricity account is *cross-subsidise by rates and other municipal services*.

**Table 15 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)**



KZN222 uMngeni - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand	1										
Revenue By Source											
Property rates	2	119,499	154,860	162,511	185,228	185,228	185,228	185,228	199,346	210,310	221,877
Service charges - electricity revenue	2	52,718	56,672	61,887	78,330	78,330	78,330	78,330	83,688	89,412	95,528
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	5,049	5,815	6,273	5,882	5,882	5,882	5,882	6,187	6,528	6,887
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		844	701	757	765	762	762	762	802	846	893
Interest earned - external investments		2,741	3,634	2,234	2,937	2,337	2,337	2,337	2,459	2,594	2,737
Interest earned - outstanding debtors		1,655	1,715	1,942	2,085	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		28,238	16,444	62,236	52,905	13,221	13,221	13,221	13,908	14,673	15,480
Licences and permits		2,655	3,206	3,495	3,660	4,822	4,822	4,822	3,862	4,075	4,299
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		48,146	53,692	61,197	89,081	65,481	65,481	65,481	75,373	76,898	86,130
Other revenue	2	9,665	3,703	5,741	7,534	6,114	6,114	6,114	6,193	6,534	6,893
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		271,212	300,442	368,274	428,406	362,176	362,176	362,176	391,818	411,869	440,723
Expenditure By Type											
Employee related costs	2	83,397	87,437	89,805	114,560	104,080	104,090	104,090	112,197	120,066	128,458
Remuneration of councillors		6,119	7,237	7,369	7,901	8,895	8,895	8,895	9,517	10,184	10,897
Debt impairment	3	22,033	25,991	48,059	33,346	9,389	9,389	9,389	9,878	10,421	10,994
Depreciation & asset impairment	2	41,825	42,805	42,063	30,741	30,741	30,741	30,741	32,340	34,118	35,995
Finance charges		4,303	3,442	4,154	5,409	6,459	6,459	6,459	6,801	7,176	7,570
Bulk purchases	2	72,286	83,792	97,795	103,353	88,353	88,353	88,353	110,422	116,496	122,903
Other materials	8	-	-	-	-	-	-	-	-	-	-
Contracted services		11,226	13,469	13,831	13,578	25,179	25,179	25,179	25,132	26,514	27,972
Transfers and subsidies		-	-	-	3,730	3,676	3,676	3,676	2,289	2,415	2,548
Other expenditure	4, 5	58,306	76,233	89,588	115,626	85,366	85,366	85,366	83,032	81,984	88,085
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Expenditure		299,495	340,404	382,664	428,244	362,148	362,148	362,148	391,608	409,373	435,422
Surplus/(Deficit)											
		(28,283)	(39,962)	(24,390)	162	28	28	28	210	2,496	5,301
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		54,831	17,440	26,047	23,400	42,879	42,879	42,879	27,646	23,039	24,128
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatbns, Higher Educational Institutions)	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		26,547	(22,522)	1,658	23,562	42,907	42,907	42,907	27,856	25,535	29,429
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		26,547	(22,522)	1,658	23,562	42,907	42,907	42,907	27,856	25,535	29,429
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		26,547	(22,522)	1,658	23,562	42,907	42,907	42,907	27,856	25,535	29,429
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		26,547	(22,522)	1,658	23,562	42,907	42,907	42,907	27,856	25,535	29,429



Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total revenue is R 391,8 million in 2018/2019 and escalates to R 409,3 million by 2019/2020. This represents a year-on-year increase of 8 per cent for the 2018/2019 financial year and an increase of 4,4 per cent for the 2019/2020 financial year.
2. Revenue to be generated from property rates is R199,3 million in the 2018/2019 financial year and increases to R210,3million by 2019/2020 which represents 51 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 5.2 per cent for each of the respective financial years of the MTREF.
3. Services charges relating to electricity and refuse removal contributes to the revenue basket of the Municipality totalling R89,8million for the 2018/2019 financial year and increasing to R95,9million by 2019/2020. For the 2018/2019 financial year services charges amount to 23 per cent of the total revenue base and increase to 24 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity.
4. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government.
5. Bulk purchases have significantly increased over the 2018/2019 to 2019/2020 period escalating from R 88,3 million to R 110,4 million. These increases can be attributed to the substantial increase in the cost of bulk electricity from Eskom.
6. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

**Table 16 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

KZN222 uMngeni - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - Executive and Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Planning Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 6 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 7 -		-	-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - Executive and Council		2,822	30	5,063	186	256	256	256	289	284	299
Vote 2 - Finance		-	113	187	148	678	678	678	314	331	349
Vote 3 - Corporate Services		-	180	347	3,763	3,463	3,463	3,463	329	347	366
Vote 4 - Planning Services		30,814	9,934	14,684	121	19,621	19,621	19,621	5,128	135	142
Vote 5 - Community Services		-	791	956	266	266	266	266	5,280	295	311
Vote 6 - Technical Services		21,361	7,962	21,307	25,923	24,922	24,922	24,922	23,181	23,602	24,722
Vote 7 -		-	-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		54,996	19,010	42,545	30,407	49,206	49,206	49,206	34,500	24,993	26,190
<b>Total Capital Expenditure - Vote</b>		54,996	19,010	42,545	30,407	49,206	49,206	49,206	34,500	24,993	26,190
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		2,822	143	5,250	333	933	933	933	583	614	648
Executive and council		2,822	30	5,063	186	256	256	256	289	284	299
Finance and administration		-	113	187	148	678	678	678	314	331	349
Internal audit		-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		-	791	956	266	3,166	3,166	3,166	5,280	295	311
Community and social services		-	-	956	266	3,166	3,166	3,166	5,280	295	311
Sport and recreation		-	791	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		50,740	16,691	35,991	26,044	40,100	40,100	40,100	27,774	23,174	24,270
Planning and development		30,814	9,934	14,684	121	19,621	19,621	19,621	5,128	135	142
Road transport		19,926	6,757	21,307	25,923	20,479	20,479	20,479	22,646	23,039	24,128
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		1,435	-	-	-	4,220	4,220	4,220	300	316	334
Energy sources		815	-	-	-	4,220	4,220	4,220	300	316	334
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		620	-	-	-	-	-	-	-	-	-
<b>Other</b>		-	1,386	347	3,763	786	786	786	564	594	627
<b>Total Capital Expenditure - Functional</b>	3	54,996	19,010	42,545	30,407	49,206	49,206	49,206	34,500	24,993	26,190
<b>Funded by:</b>											
National Government		22,912	6,852	15,866	23,400	23,379	23,379	23,379	22,646	23,039	24,128
Provincial Government		31,465	-	10,181	-	19,500	19,500	19,500	5,000	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	4	54,377	6,852	26,047	23,400	42,879	42,879	42,879	27,646	23,039	24,128
<b>Public contributions &amp; donations</b>	5	-	-	-	-	-	-	-	-	-	-
<b>Borrowing</b>	6	-	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		620	12,158	16,498	7,007	6,327	6,327	6,327	6,854	1,954	2,062
<b>Total Capital Funding</b>	7	54,996	19,010	42,545	30,407	49,206	49,206	49,206	34,500	24,993	26,190

**Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Single-year capital expenditure has been appropriated at R34,5 million for the 2018/2019 financial year and increases over the MTREF at levels of R24,9 million and R26,1 million respectively for the two outer years.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.
5. The capital programme is funded from capital grants and contributions from the capital replacement reserve. For 2018/2019, capital transfers totals R34,5 million ( per cent) and escalates to R23,0million by 2019/2020. Internally generated funding totaling R1, 8million in 2018/2019.

**Table 17 MBRR Table A6 - Budgeted Financial Position**

KZN222 uMngeni - Table A6 Budgeted Financial Position

Description		Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
ASSETS												
Current assets												
Cash			8,103	6,796	10,679	2,265	2,613	2,613	2,613	758	4,285	6,269
Call investment deposits		1	38,548	33,038	4,674	8,423	7,023	7,023	7,023	4,213	6,785	9,875
Consumer debtors		1	31,354	45,656	64,126	47,774	51,206	51,206	51,206	67,974	72,052	74,214
Other debtors			16,610	19,968	4,713	-	-	-	-	-	-	-
Current portion of long-term receivables			-	-	16,118	-	-	-	-	-	-	-
Inventory		2	-	-	-	-	-	-	-	-	-	-
Total current assets			94,615	105,459	100,312	58,452	60,842	60,842	60,842	72,944	83,121	90,358
Non current assets												
Long-term receivables			-	-	-	-	-	-	-	-	-	-
Investments			-	-	-	-	-	-	-	-	-	-
Investment property			5,323	5,057	4,791	5,057	5,057	5,057	5,057	4,552	4,324	4,108
Investment in Associate			-	-	-	-	-	-	-	-	-	-
Property, plant and equipment		3	788,876	765,379	765,225	790,866	796,986	796,986	796,986	763,258	765,866	754,371
Agricultural			-	-	-	-	-	-	-	-	-	-
Biological			-	-	-	-	-	-	-	-	-	-
Intangible			32	129	5,393	512	512	512	512	5,123	4,867	4,623
Other non-current assets			5,393	5,393	321	5,393	5,393	5,393	5,393	514	612	541
Total non current assets			799,625	775,958	775,730	801,628	807,948	807,948	807,948	773,447	775,670	763,644
TOTAL ASSETS			894,240	881,417	876,042	860,080	868,790	868,790	868,790	846,391	858,791	854,002
LIABILITIES												
Current liabilities												
Bank overdraft		1	-	-	-	-	-	-	-	-	-	-
Borrowing		4	4,263	4,363	3,504	3,387	3,387	3,387	3,387	3,124	3,312	3,511
Consumer deposits			2,198	2,296	2,435	2,397	3,048	3,048	3,048	2,313	2,197	2,087
Trade and other payables		4	41,166	34,947	29,176	16,196	16,196	16,196	16,196	20,146	18,428	17,453
Provisions			1,151	1,316	1,450	7,735	7,735	7,735	7,735	-	-	-
Total current liabilities			48,778	42,922	36,564	29,715	30,367	30,367	30,367	25,583	23,937	23,051
Non current liabilities												
Borrowing			29,453	26,621	23,294	22,985	22,985	22,985	22,985	20,170	16,858	13,348
Provisions			48,948	55,649	68,900	21,129	21,129	21,129	21,129	22,186	23,295	24,460
Total non current liabilities			78,401	82,271	92,194	44,114	44,114	44,114	44,114	42,356	40,154	37,808
TOTAL LIABILITIES			127,180	125,193	128,758	73,830	74,481	74,481	74,481	67,939	64,090	60,859
NET ASSETS		5	767,060	756,225	747,284	786,250	794,309	794,309	794,309	778,452	794,701	793,144
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)			624,482	613,646	604,705	786,250	794,309	794,309	794,309	778,452	794,701	793,144
Reserves		4	142,579	142,579	142,579	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY		5	767,060	756,225	747,284	786,250	794,309	794,309	794,309	778,452	794,701	793,144

**Explanatory notes to Table A6 - Budgeted Financial Position**

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 61 is supported by an extensive table of notes (SA3 which can be found on page 111) providing a detailed analysis of the major components of a number of items, including:

- Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions non-current;
  - Changes in net assets; and
  - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
  5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.



**Table 18 MBRR Table A7 - Budgeted Cash Flow Statement**

KZN222 uMngeni - Table A7 Budgeted Cash Flows

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		143,603	162,203	172,757	166,705	163,001	163,001	163,001	175,424	185,072	195,251
Service charges		57,768	62,487	76,588	75,790	74,106	74,106	74,106	79,095	84,427	90,125
Other revenue		17,299	13,928	18,731	34,483	22,598	22,598	22,598	22,354	23,583	24,880
Government - operating	1	41,278	53,692	61,197	89,081	65,481	65,481	65,481	75,373	76,898	86,130
Government - capital	1	61,699	17,440	26,047	23,400	42,879	42,879	42,879	27,646	23,039	24,128
Interest		4,396	5,349	2,234	4,814	2,337	2,337	2,337	2,459	2,594	2,737
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(267,563)	(284,202)	(363,100)	(354,694)	(313,393)	(313,393)	(313,393)	(340,300)	(355,881)	(378,315)
Finance charges		(3,643)	(3,442)	(4,154)	(5,409)	(6,459)	(6,459)	(6,459)	(6,801)	(7,176)	(7,570)
Transfers and Grants	1	-	-	(10,912)	(3,730)	(3,676)	(3,676)	(3,676)	(2,289)	(2,415)	(2,548)
NET CASH FROM/(USED) OPERATING ACTIVITIES		64,837	27,455	(20,612)	30,440	46,874	46,874	46,874	32,960	30,142	34,818
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	(4,323)	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors		-	(3,564)	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	1,123	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		(8,750)	-	28,364	-	-	-	-	-	-	-
Payments											
Capital assets		(54,179)	(23,485)	-	(30,407)	(49,206)	(49,206)	(49,206)	(34,500)	(24,993)	(26,190)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(62,929)	(25,915)	24,041	(30,407)	(49,206)	(49,206)	(49,206)	(34,500)	(24,993)	(26,190)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	3,139	-	-	-	-	-	-	-
Borrowing long term/refinancing		148	(51)	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		(79)	98	139	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		(2,593)	(2,894)	(2,824)	(3,387)	(3,387)	(3,387)	(3,387)	(3,124)	(3,312)	(3,511)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(2,524)	(2,847)	454	(3,387)	(3,387)	(3,387)	(3,387)	(3,124)	(3,312)	(3,511)
NET INCREASE/ (DECREASE) IN CASH HELD											
Cash/cash equivalents at the year begin:	2	(616)	(1,307)	3,883	(3,353)	(5,718)	(5,718)	(5,718)	(4,665)	1,837	5,118
Cash/cash equivalents at the year end:	2	8,676	8,103	6,796	14,031	15,353	15,353	15,353	9,635	4,970	6,807
Cash/cash equivalents at the year end:	2	8,060	6,796	10,679	10,677	9,635	9,635	9,635	4,970	6,807	11,925

### Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The 2018/2019 MTREF provides for a further net increase in cash of R263 thousand for the 2018/2019 financial year resulting in an overall projected positive cash position of R4,9 million at year end.
4. The 2018/2019 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
5. Cash and cash equivalents totals R4,9million positive as at the end of the 2018/2019 financial year and increase to R6,8 million by 2019/2020.

**Table 19 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

KZN222 uMngeni - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	8,060	6,796	10,679	10,677	9,635	9,635	9,635	4,970	6,807	11,925
Other current investments > 90 days		38,592	33,038	4,674	(0)	(0)	(0)	(0)	-	4,262	4,219
Non current assets - investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		46,652	39,835	15,353	10,677	9,635	9,635	9,635	4,970	11,069	16,144
Application of cash and investments											
Unspent conditional transfers		22,223	5,922	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	(28,660)	(35,385)	(31,361)	(23,141)	(28,982)	(28,982)	(28,982)	(39,793)	(45,106)	(47,987)
Other provisions		-	2,135	-	450	450	450	450	9,176	9,681	10,214
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		(6,437)	(27,328)	(31,361)	(22,691)	(28,532)	(28,532)	(28,532)	(30,617)	(35,425)	(37,774)
Surplus(shortfall)		53,089	67,162	46,715	33,368	38,167	38,167	38,167	35,587	46,494	53,918

**Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation**

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2018/2019 MTREF was funded owing to the significant surplus.
6. As part of the budgeting and planning guidelines that informed the compilation of the 2018/2019 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.



**Table 20 MBRR Table A9 - Asset Management**

ASSET REGISTER SUMMARY - PPE (WDV)		5									
Roads Infrastructure			497,342	517,208	434,455	535,497	535,497	535,497	457,855	480,501	503,540
Storm water Infrastructure			-	-	-	-	-	-	-	-	-
Electrical Infrastructure			51,779	51,779	46,837	51,779	56,379	56,379	46,837	46,837	46,837
Water Supply Infrastructure			-	-	-	-	-	-	-	-	-
Sanitation Infrastructure			-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure			-	-	-	-	-	-	-	-	-
Rail Infrastructure			-	-	-	-	-	-	-	-	-
Coastal Infrastructure			-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure			45,109	54,759	147,341	59,571	59,571	59,571	112,534	133,341	138,341
Infrastructure			594,230	623,745	628,633	646,846	651,446	651,446	617,226	660,679	688,718
Community Facilities			176,775	126,184	124,626	126,184	126,184	126,184	124,626	124,626	124,626
Sport and Recreation Facilities			-	-	-	-	-	-	-	-	-
Community Assets			176,775	126,184	124,626	126,184	126,184	126,184	124,626	124,626	124,626
Heritage Assets			-	-	-	-	-	-	-	-	-
Revenue Generating			-	-	-	-	-	-	-	-	-
Non-revenue Generating			5,393	5,393	5,393	5,393	5,393	5,393	5,393	5,393	5,393
Investment properties			5,393	5,393	5,393	5,393	5,393	5,393	5,393	5,393	5,393
Operational Buildings			5,323	5,323	4,791	5,057	5,057	5,057	4,791	4,791	4,791
Housing			-	-	-	-	-	-	-	-	-
Other Assets			5,323	5,323	4,791	5,057	5,057	5,057	4,791	4,791	4,791
Biological or Cultivated Assets			-	-	-	-	-	-	-	-	-
Services			-	-	-	-	-	-	-	-	-
Licences and Rights			-	-	-	512	512	512	-	-	-
Intangible Assets			-	-	-	512	512	512	-	-	-
Computer Equipment			-	-	-	-	-	-	-	-	-
Furniture and Office Equipment			5,414	2,325	2,586	5,231	5,231	5,231	4,440	4,541	4,648
Machinery and Equipment			1,573	1,558	1,282	1,558	1,558	1,558	1,282	1,282	1,282
Transport Assets			5,516	5,920	8,417	12,567	12,567	12,567	8,417	8,417	8,417
Libraries			-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals			-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)		5	794,225	770,449	775,728	803,348	807,948	807,948	766,175	809,728	837,874
EXPENDITURE OTHER ITEMS											
Depreciation		7	41,825	42,805	42,063	30,741	30,741	30,741	32,340	34,118	35,995
Repairs and Maintenance by Asset Class		3	12,347	21,868	22,525	23,593	28,619	28,619	19,036	20,083	21,188
Roads Infrastructure			3,940	13,367	11,396	13,654	15,654	15,654	7,083	7,472	7,883
Storm water Infrastructure			-	-	74	167	167	167	215	227	240
Electrical Infrastructure			2,160	3,492	5,586	2,955	3,255	3,255	2,908	3,065	3,234
Water Supply Infrastructure			-	-	-	-	-	-	-	-	-
Sanitation Infrastructure			-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure			-	-	-	-	-	-	-	-	-
Rail Infrastructure			-	-	-	-	-	-	-	-	-
Coastal Infrastructure			-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure			-	-	-	-	-	-	-	-	-
Infrastructure			6,100	16,860	17,056	16,777	19,077	19,077	10,206	10,765	11,357
Community Facilities			376	1,586	856	1,700	1,700	1,700	290	305	322
Sport and Recreation Facilities			307	313	-	865	865	865	713	752	793
Community Assets			683	1,899	856	2,565	2,565	2,565	1,003	1,057	1,115
Heritage Assets			-	-	-	-	-	-	-	-	-
Revenue Generating			-	-	-	-	-	-	-	-	-
Non-revenue Generating			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Operational Buildings			-	-	-	611	3,336	3,336	7,532	7,939	8,376
Housing			-	-	-	-	-	-	-	-	-
Other Assets			-	-	-	611	3,336	3,336	7,532	7,939	8,376
Biological or Cultivated Assets			-	-	-	-	-	-	-	-	-
Services			-	-	-	-	-	-	-	-	-
Licences and Rights			-	-	-	-	-	-	-	-	-
Intangible Assets			-	-	-	-	-	-	-	-	-
Computer Equipment			-	-	-	-	-	-	-	-	-
Furniture and Office Equipment			5,564	3,109	2,463	3,641	3,641	3,641	295	323	340
Machinery and Equipment			-	-	-	-	-	-	-	-	-
Transport Assets			-	-	2,149	-	-	-	-	-	-
Libraries			-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals			-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS			54,172	64,672	64,588	54,335	59,360	59,360	51,376	54,202	57,183

### **Explanatory notes to Table A9 - Asset Management**

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE, however uMngeni is unable to comply with the above due to cash limitations.
3. The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the Municipality's strategy to address the maintenance backlog.

**Table 21 MBRR Table A10 - Basic Service Delivery Measurement**

KZN222 uMngeni - Table A10 Basic service delivery measurement

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		-	-	-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Energy:</b>										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Refuse:</b>										
Removed at least once a week		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>		-	-	-	-	-	TRUE	-	-	-
<b>Total cost of FBS provided</b>		-	-	-	-	-	-	-	-	-
<b>Highest level of free service provided per household</b>										
Property rates (R value threshold)		100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Water (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)		100	100	100	100	100	100	100	100	100
Refuse (average litres per week)		-	-	-	-	-	-	-	-	-
<b>Revenue cost of subsidised services provided (R'000)</b>	9									
Property rates (tariff adjustment) ( impermissible values per section 17 of MPRA)		-	-	-	-	-	-	-	-	-
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		35,613	46,172	52,612	35,326	35,326	35,326	53,684	56,368	59,186
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - bp structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Total revenue cost of subsidised services provided</b>	6	35,613	46,172	52,612	35,326	35,326	35,326	53,684	56,368	59,186

### **Explanatory notes to Table A10 - Basic Service Delivery Measurement**

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The Municipality continues to make good progress with the eradication of backlogs:
  - a. Electricity services – backlog has been reduced. As indicated elsewhere, the emphasis in the electricity sector is on addressing urgent network upgrades. Once the most pressing network issues have been addressed, the electrification programme will be prioritised, with all households in rural areas budgeted to be electrified in 2018/19.
  - b. Refuse services – It should be noted that this function is being investigated with a view to realising greater efficiencies, which is likely to translate into a more rapid process to address backlogs.
3. The budget provides for 1500 households to be registered as indigent in 2018/19, and therefore entitled to receiving Free Basic Services. The number is set to increase to 3500 households given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.
4. It is anticipated that these Free Basic Services will cost the municipality R8,4 million in 2018/2019. This is covered by the municipality's equitable share allocation from national government.
5. In addition to the Free Basic Services, the Municipality also 'gives' households R53,9 million in free services in 2018/2019. This 'tax expenditure' needs to be seen within the context of the municipality's overall revenue management strategy – the more the municipality gives away, the less there is available to fund other services. Currently, the 'free services' represent about 13 per cent of total operating revenue.

## Part 2 – Supporting Documentation

### 2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Mayor.

The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

#### 2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2018) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule in August 2017. Key dates applicable to the process were:

#### TIME SCHEDULE

##### Quarter 1

Aligned process	Activities	Target dates	Responsibility	Outputs
IDP	UMDM IDP Sub-cluster meeting	13 July 2017	IDP Manager	Process Plan Framework
IDP-BUDGET-OPMS	Prepare Draft 2016-2017 Process Plan	13-28 July 2017	IDP Manager	Draft Process Plan

IDP	Submit Draft 2016-2017 Process Plan to COGTA for comments	31 July 2017	IDP Manager	Letter of acknowledgement
OPMS	Signed S56 & S57 Managers Performance Agreements	28 July 2017	Municipal Manager, PMS Manager	Signed Performance agreements
IDP	Public notice on the Draft Process Plan	09-22 August 2017	IDP Manager	Public notice on the Draft Process Plan
IDP	Sustainable Living Exhibition	TBA	MEC COGTA, Sector departments and municipal representative	Attendance
IDP	Assess status of sector plans and policies	01-11 August 2017	IDP Manager	Updated table indicating status of reviewed
IDP	Collect and assess data for Situational Analysis of the municipality	01-31 August 2017	IDP Manager	Verified data and status quo report
OPMS	Draft 2015-2016 Annual Performance Report	25 August 2017	Municipal Manager PMS Manager	Draft 2015-2016 Annual Performance Report
IDP- BUDGET- OPMS	Submission and adoption of Process Plan by Council	31 August 2017	Honourable Mayor	Adopted Process Plan with council resolution
IDP	UMDM IDP Sub-cluster meeting	15 September 2017	IDP Manager	Draft Status Quo report and data alignment
IDP	Planning Indaba / MEC Panel feedback	22 September 2017	IDP Manager	Assessment feedback



IDP- BUDGET- OPMS	Submission of adopted Process Plan to COGTA	29 September 2017	IDP Manager	Letter of acknowledgement from COGTA
IDP	Submission of Status Quo report to relevant council committees	29 September 2017	IDP Manager, GM:  Economic Development & Planning	Status Quo report to all relevant council con
OPMS	Internal Auditor reports on performance information to be submitted to the MM and the Audit Committee	Quarterly	Municipal Manager, Internal Audit Manager	Quarterly performance report

### Quarter 2

Aligned process	Activities	Target dates	Responsibility	Outputs
BUDGET	2016-2017 First Quarter Budget Review	27 October 2017	CFO, Budget Manager	Budget review report
IDP	Prioritisation of projects	30 October 2017	Councillors  Ward committees	Prioritisation list integrated into IDP
IDP	Review municipal objectives and strategies	2 – 17 November 2017		Report on reviewed strategies
IDP	UMDM IDP Sub-cluster meeting	17 November 2017	IDP Manager	Alignment of strategies reports
IDP- BUDGET- OPMS	Develop measurable outcomes for the next five years including budget provision	20 November 2017	Internal departments	Report on measurable outcomes

IDP	UMDM IDP Representative Forum	23 November 2017	IDP Manager	Alignment of programmes
IDP	Strategies report to relevant council committees	21 November 2017	IDP Manager, GM:  Economic Development & Planning	Strategies report presented to council comn
IDP	uMngeni IDP Representative Forum	05 December 2017	IDP Manager	Phase update report
IDP-BUDGET	Budget inputs for 4 <sup>th</sup> generation IDP	01-15 December 2017	All municipal departments	Budget inputs for 4 <sup>th</sup> generation IDP
OPMS	Internal Auditor reports on performance information to be submitted to the MM and the Audit Committee	Quarterly	Municipal Manager, Manger: Internal Audit	Quarterly performance report

### Quarter 3

Aligned process	Activities	Target dates	Responsibility	Outputs
MTREF BUDGET	Provincial Treasury Midyear budget and performance assessment visits	January – March 2018	CFO, Manager (Budget) and KZN Provincial Treasury	Assessment feedback
IDP	Review Community Based Plans	16-30 January 2018	Manager  (Communi cations) IDP Manager Ward Committees	Community Based Plans developed for all w



IDP- BUDGET- OPMS	Alignment of Draft IDP and MTREF Budget towards Draft SDBIP	By 15 March 2018	Internal departments  IDP Manager	Draft IDP, Budget and SDBIP
BUDGET- OPMS	Mid-year budget review and performance assessment	24 January 2018	CFO, Budget Manager	Adjustment Budget and Mid-year performance report
IDP	COGTA departmental  sector alignment sessions	09 February 2018	IDP Manager	Department programmes report
IDP- BUDGET- OPMS	Tabling of Draft 2018/2019 IDP Review, MTREF Budget and Draft SDBIP to relevant council committees	01-30 March 2018	Honourable Mayor, Full Council	Draft IDP, Draft Multi-year Budget and Draft resolutions
IDP- BUDGET- OPMS	Submission of Draft IDP, MTREF Budget and Draft SDBIP to relevant sector departments	31 March 2018	IDP Manager, Budget Manager, PMS Manager	Letter of acknowledgement
OPMS	Submission of Draft 2018/2018 SDBIP to Provincial Treasury	31 March 2018	PMS Manager	Letter of acknowledgement

#### Quarter 4

Aligned process	Activities	Target dates	Responsibility	
MTREF BUDGET	Budget and Benchmark Assessments	April - May 2018	CFO, Manager (Budget) and KZN Provincial Treasury	Assessment

IDP	Convening of decentralized IDP Assessment Forums	11 April 2018	IDP Manager	IDP c
IDP-BUDGET-OPMS	Public notice on tabled items including a schedule of public meetings	April 2017	Communications Manager	
IDP	UMDM IDP Sub- cluster meeting	28 April 2018	IDP Manager	Self
IDP	uMngeni IDP Representative Forum	06 April 2018	Honourable Mayor and all relevant internal departmental personnel	Presentati
IDP-BUDGET-OPMS	Presentation of 4 <sup>th</sup> generation Draft IDP Review and Draft MTREF Budget to communities in all wards	April 2018	Honourable Mayor and all relevant internal departmental personnel	Register anc
IDP	IDP Assessment feedback Session by COGTA IDP Coordination Business Unit	11 May 2018	COGTA	Report of
IDP-BUDGET-OPMS	Tabling and adoption of MTREF Budget	31 May 2018	Honourable Mayor	Multi-yec
IDP-BUDGET-OPMS	Address AG comments on the Annual Report of the previous financial year	31 May 2018	MANCO	R
IDP	Tabling and adoption of Final IDP Review	28 June 2018	Full Council Honourable Mayor	Cc
OPMS	Approved departmental SDBIP	28 June 2018	Full Council, Honourable Mayor, PMS Manger	Signed SDB

IDP- BUDGET	Submission of Final IDP Review to relevant sector departments	04 July 2018	IDP Manager, Budget Manager	ocl
IDP	Public Notice on adopted of Final IDP Review	05 July 2018	Communications Manager	I

### 2.1.2 IDP and Service Delivery and Budget Implementation Plan

A third generation IDP document has been compiled and it started in July 2011 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2018/2019 MTREF in July.

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2018/19MTREF, based on the approved 2017/2018MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2018/19MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2017/18 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

### 2.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2018/2019 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2018/2019 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)

- Performance trends
- The approved 2017/2018 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 66 and 67 have been taken into consideration in the planning and prioritisation process.

#### **2.1.4 Community Consultation**

The 2018/2019 MTREF will be tabled before Council on 03 May 2018 for community consultation and will be published on the municipality's website, hard copies will be made available at municipal offices, municipal notice boards and various libraries.

All documents in the appropriate format (electronic and printed) will be provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

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## **2.2 Overview of alignment of annual budget with IDP**

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national, provincial and district priorities, policies and strategies of importance include amongst others:

- 2030 National Development Plan
- Provincial Growth and Development Strategy
- District Growth and Development Strategy (PGDS)
- Monitoring and Evaluation Frameworks
- 2018 State of the National Address
- 2018 State of the Province Address
- Sustainable Development Goals
- Medium Term Strategic Framework
- 14 National Outcomes
- Back to Basics

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's goals, objectives and strategic focus areas aligned to the national key performance areas for the full term of this council

<b>KPA 1 - Municipal Transformation and Organisational Development</b>		
<b>IDP GOAL</b>	<b>OBJECTIVE</b>	<b>STRATEGIC FOCUS AREA</b>
Human resource development and management	Maintain good labour relations	<ul style="list-style-type: none"> <li>▪ Strengthening the internal bargaining structure</li> <li>▪ Implementation of a labour relations plan</li> <li>▪ Establishment and implementation of EAP order to ensure employee wellness</li> </ul>
	Promote employment equity	<ul style="list-style-type: none"> <li>▪ Implementation and monitoring of an employment equity plan</li> </ul>
	Enhance human resource management	<ul style="list-style-type: none"> <li>▪ Review of the human resource development strategy</li> </ul>

		<ul style="list-style-type: none"> <li>▪ Review and implementation of the skills development plan in line with municipal priorities</li> <li>▪ Develop and implement a knowledge management strategy</li> <li>▪ Institutionilise the Batho Pele principles in order to achieve customer satisfaction</li> <li>▪ Enhance youth development services</li> </ul>
	Utilisation of information technology for effective service delivery	<ul style="list-style-type: none"> <li>▪ Review and implementation of the IT Governance Framework</li> <li>▪ Increase stability and availability of ICT services</li> </ul>
	Effective organisational performance management system	<ul style="list-style-type: none"> <li>▪ Review and implementation of the Performance Management Framework</li> </ul>
	<b>KPA 2 - Basic Service Delivery and Infrastructure</b>	
<b>IDP GOAL</b>	<b>OBJECTIVE</b>	<b>STRATEGIC FOCUS AREA</b>
Integrated human settlements and strategic infrastructure	Provision of quality housing	<ul style="list-style-type: none"> <li>▪ Develop and implement a Housing Sector Plan in order to eradicate informal settlements and housing backlogs</li> </ul>
	Provision of quality roads and storm-water infrastructure	<ul style="list-style-type: none"> <li>▪ Develop and implement a roads and storm- water management and maintenance plan</li> </ul>
	Access to electricity supply	<ul style="list-style-type: none"> <li>▪ Provision of electricity supply to all households and businesses</li> </ul>

	Solid waste management	<ul style="list-style-type: none"> <li>▪ Develop and implement an integrated waste management plan</li> </ul>
	Management of municipal parks and gardens	<ul style="list-style-type: none"> <li>▪ Develop and maintain sports and recreational facilities</li> <li>▪ Maintenance of all municipal open spaces</li> </ul>
<b>KPA 3 – Local Economic Development</b>		
<b>IDP GOAL</b>	<b>OBJECTIVE</b>	<b>STRATEGIC FOCUS AREA</b>
Job creation	Increase employment and entrepreneurial opportunities	<ul style="list-style-type: none"> <li>▪ Promotion of business and industrial investment</li> <li>▪ Forge public-private partnerships for local economic development</li> <li>▪ Support further development of the tourism sector</li> </ul>
	Inclusive socio-economic development	<ul style="list-style-type: none"> <li>▪ Support the growth of SMMEs</li> <li>▪ Support emerging farmers whilst promoting diversification in the agricultural sector</li> <li>▪ Promote and support the informal and township economy</li> <li>▪ Facilitation of business expansion and retention</li> <li>▪ Continuous review and implementation of the LED Strategy</li> </ul>
<b>KPA 4 – Financial Viability and Management</b>		

IDP GOAL	OBJECTIVE	STRATEGIC FOCUS AREA
Financially sound and sustainable municipality	Compliance with financial legislation and policies	<ul style="list-style-type: none"> <li>▪ Provide for strategic budgeting in line with IDP priorities</li> <li>▪ Develop transparent processes in the procurement of goods and services</li> <li>▪ Obtain a credible audit outcome by the Auditor-General</li> <li>▪ To provide an efficient and cost effective fleet management services</li> </ul>
	Increase and enhance revenue collection	<ul style="list-style-type: none"> <li>▪ Develop and implement a revenue enhancement strategy</li> <li>▪ Rates and electricity bills must be accurate in order to ensure timeous payment by residents</li> <li>▪ Collect all debt on debtors timeously</li> <li>▪ Identify and implement diversified revenue streams</li> <li>▪ Provision and implementation of smart metering system</li> </ul>
	Improve asset management	<ul style="list-style-type: none"> <li>▪ Continuous implementation and monitoring of the asset management policy</li> </ul>



		<ul style="list-style-type: none"> <li>▪ Compile and frequently review the asset register in line with GRAP</li> <li>▪ Development and implementation of an efficient and effective fleet management system</li> <li>▪ Develop, maintain and upgrade municipal community facilities</li> </ul>
<b>KPA 5 – Good Governance and Public Participation</b>		
<b>IDP GOAL</b>	<b>OBJECTIVE</b>	<b>STRATEGIC FOCUS AREA</b>
Good corporate governance	Adherence with all legislative mandates	<ul style="list-style-type: none"> <li>▪ Develop and review a credible and implementable integrated development plan</li> <li>▪ Ensure the functioning of all council committees</li> <li>▪ Provide support to all council oversight committees</li> <li>▪ Review and implement all applicable municipal policies and by-laws</li> </ul>
	Promote participatory governance and multi-stakeholder engagements	<ul style="list-style-type: none"> <li>▪ Implementation and monitoring of the municipal communication strategy</li> <li>▪ Ensure participation in all relevant IGR structures</li> </ul>

		<ul style="list-style-type: none"> <li>▪ Encourage all our social partners to participate in municipal affairs</li> <li>▪ Support and implement applicable national, provincial and district initiatives</li> </ul>
<b>KPA 6 – Cross Cutting</b>		
<b>IDP GOAL</b>	<b>OBJECTIVE</b>	<b>STRATEGIC FOCUS AREA</b>
Spatial planning and environmental sustainability	Ensure integrated development and spatial planning	<ul style="list-style-type: none"> <li>▪ Frequently review the municipal spatial development framework</li> <li>▪ Identify and develop local settlement plans in both urban and rural areas</li> </ul>
	Regulation of land use management	<ul style="list-style-type: none"> <li>▪ Implementation of the municipal SPLUMA By-laws</li> <li>▪ Provision of support to Tribal Authority on land use management</li> </ul>
	Conservation and management of natural resources	<ul style="list-style-type: none"> <li>▪ Protection of wetlands and water courses</li> <li>▪ Protection of biodiversity</li> <li>▪ Develop and comply with a strategic environmental assessment</li> </ul>
	Disaster Management	<ul style="list-style-type: none"> <li>▪ Provision of disaster management services</li> </ul>

In addition to the five-year IDP, the Municipality undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the Municipality so as to promote greater equity and enhanced opportunity. The

strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality and other service delivery partners.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the 2018/19 revised IDP, including:

- Strengthening the analysis and strategic planning processes of the Municipality;
- Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2018/2019 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

**Table 22 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**

KZN222 uMngeni - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Annex A (cont.) Supporting Table A1: Accommodation of B1 Strategic Objectives and Budget (Revenue)													
Strategic Objective	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
R thousand													
Revenue													
	Human resource development and management			100	43	56	200	189	189	198	209	221	
	Good corporate governance			27,435	15,965	58,707	74,527	12,398	12,398	12,781	16,207	13,638	
	Job creation			629	471	11,015	3,128	19,511	19,511	19,512	3,489	3,681	
	Integrated human settlements and strategic infrastructure			70,656	98,662	106,560	131,470	129,747	129,747	137,076	139,623	151,881	
	Financial sound and sustainable municipality			28,601	23,281	4,333	5,442	5,154	5,154	5,105	5,289	5,482	
	Spatial planning and environmental sustainability			198,620	179,459	213,652	237,040	238,057	238,057	244,791	270,092	289,948	
Allocations to other priorities				2									
Total Revenue (excluding capital transfers and contributions)				1	326,042	317,882	394,322	451,806	405,055	405,055	419,464	434,908	464,851

**Table 23 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure**

KZN222 uMngeni - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand Expenditure	Expenditure											
	Human resource development and management			6,545	9,027	10,619	12,660	11,564	11,564	13,048	13,900	14,813
	Good corporate governance			11,763	10,135	11,008	13,619	11,218	11,218	13,070	13,950	14,893
	Job creation			11,763	10,135	11,008	13,619	11,218	11,218	13,070	13,950	14,893
	Integrated human settlements and strategic infrastructure			130,106	156,300	178,593	203,722	188,150	188,150	203,445	208,887	223,527
	Financial sound and sustainable municipality			61,113	63,929	63,564	54,408	53,279	53,279	56,599	60,278	62,687
	Spatial planning and environmental sustainability			78,203	90,879	117,872	130,216	86,719	86,719	92,377	98,407	104,608
Allocations to other priorities												
Total Expenditure				299,495	340,404	392,664	428,244	362,148	362,148	391,608	409,373	435,421

**Table 24 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure**

KZN222 uMngeni - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand												
Capital Expenditure		A		54,996	19,010	42,545	30,407	49,206	49,206	34,500	24,993	26,190
		B										
		C										
		D										
		E										
		F										
		G										
		H										
		I										
		J										
		K										
		L										
		M										
		N										
		O										
		P										
Allocations to other priorities			3									
Total Capital Expenditure			1	54,996	19,010	42,545	30,407	49,206	49,206	34,500	24,993	26,190



### 2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

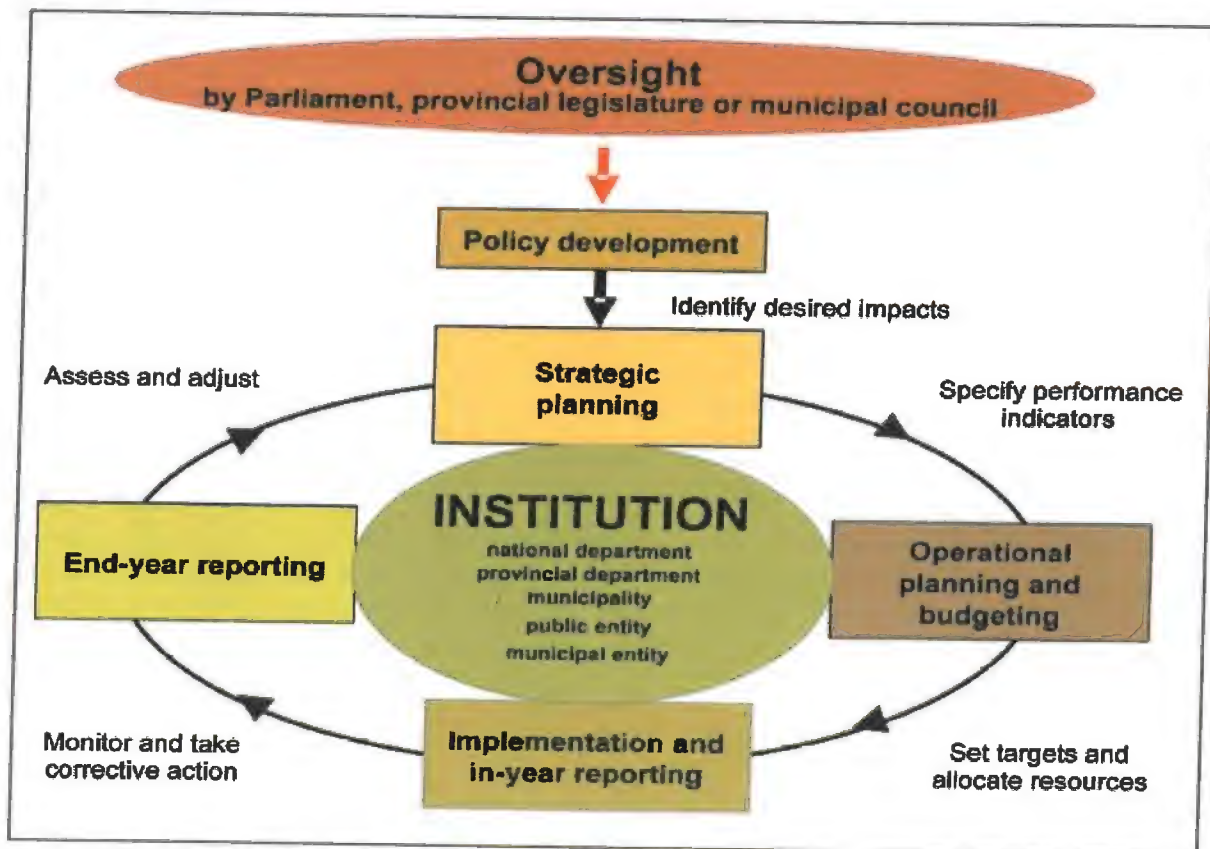
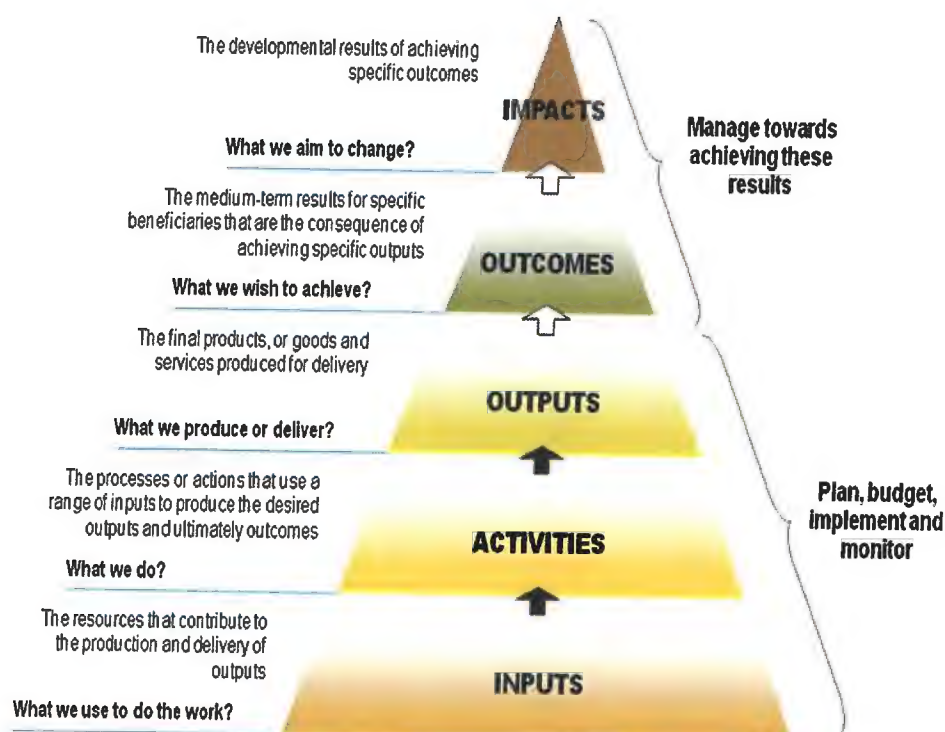


Figure 1 Planning, budgeting and reporting cycle

The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the **Framework of Managing Programme Performance Information** issued by the National Treasury:



**Figure 2 Definition of performance information concepts**

**Table 25 MBRR Table SA7 - Measurable performance objectives**

The following table sets out the municipalities main performance objectives and benchmarks for the 2018/2019 MTREF.

**Table 26 MBRR Table SA8 - Performance indicators and benchmarks**

KZN222 uMngeni - Supporting Table SA8 Performance Indicators and benchmarks

Description of financial indicator	Basis of calculation	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Borrowing Management</b>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	2.3%	1.9%	1.8%	2.1%	2.7%	2.7%	2.7%	2.5%	2.6%	2.5%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	3.1%	2.6%	2.3%	2.6%	3.3%	3.3%	3.3%	3.1%	3.1%	3.1%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	23.9%	-0.4%	19.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Safety of Capital</b>											
Gearing	Long Term Borrowing/ Funds & Reserves	20.7%	18.7%	16.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Liquidity</b>											
Current Ratio	Current assets/current liabilities	1.9	2.5	2.7	2.0	2.0	2.0	2.0	2.9	3.5	3.9
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1.9	2.5	2.7	2.0	2.0	2.0	2.0	2.9	3.5	3.9
Liquidity Ratio	Monetary Assets/Current Liabilities	1.0	0.9	0.4	0.4	0.3	0.3	0.3	0.2	0.5	0.7
<b>Revenue Management</b>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		113.6%	102.3%	108.1%	90.0%	88.0%	88.0%	88.0%	88.0%	88.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		113.6%	103.4%	108.1%	90.0%	88.0%	88.0%	88.0%	88.0%	88.0%	88.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	17.7%	21.8%	23.1%	11.2%	14.1%	14.1%	14.1%	17.3%	17.5%	16.8%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Creditors Management</b>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
Creditors to Cash and Investments		235.0%	427.1%	273.2%	151.7%	168.1%	168.1%	168.1%	405.3%	270.7%	146.4%
<b>Other Indicators</b>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kl)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
<b>IDP regulation financial viability indicators</b>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	27.1	48.8	37.4	59.3	59.3	59.3	53.1	53.6	53.6	56.8
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	26.9%	30.1%	36.7%	17.7%	19.0%	19.0%	19.0%	23.4%	23.5%	22.8%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	0.4	0.3	0.4	0.4	0.4	0.4	0.4	0.2	0.3	0.4



## 2.3.1 Performance indicators and benchmarks

### 2.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, uMngeni Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2018/2019 MTREF:

- *Capital charges to operating expenditure* is a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing has steadily increased from 2.7 per cent in 2014/2015 to 3.4 per cent in 2018/2019. It is estimated that the cost of borrowing as a percentage of the operating expenditure will reach 3.2 per cent in 2017/18 and will then decrease to 2.8 per cent at the end of the MTREF. While borrowing is considered a prudent financial instrument in financing capital infrastructure development, this indicator will have to be carefully monitored going forward as the Municipality has reached its prudential borrowing limits.
- *Borrowing funding of own capital expenditure* measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing. The average over MTREF is nil per cent.

The Municipality's debt profile provides some interesting insights on the Municipality's future borrowing capacity. Firstly, the use of amortising loans leads to high debt service costs at the beginning of the loan, which declines steadily towards the end of the loan's term.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2018/2019 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

### 2.3.1.2 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2018/2019 MTREF the current ratio is 2.3 in the 2018/2019 financial year and 2.4 and 2.3 for the two outer years of the MTREF. Going forward it will be necessary to increase these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2018/2019 financial year the ratio was 0.5 and as part of the financial planning strategy it has been increased to 0.6 in the 2018/2019 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the

Municipality. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

#### **2.3.1.3 Revenue Management**

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

#### **2.3.1.4 Creditors Management**

- The Municipality could manage to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has not managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a negative impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to damage the Municipality in the form of more competitive pricing of tenders, as suppliers will not compete for the Municipality's business.

#### **2.3.1.5 Other Indicators**

The electricity distribution losses have increased upwards from 35 per cent in the 2017/2018 financial year to 40 per cent in 2018/2019. The initiatives to ensure these targets are achieved include managing illegal connections and theft of electricity by rolling out smart metering systems, including prepaid meters.

### **2.3.2 Free Basic Services: basic social services package for indigent households**

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. Only registered indigents qualify for the free basic services.

For the 2018/2019 financial year 2774 registered indigents have been provided for in the budget with this figured increasing to 2997 by 2018/2019. In terms of the Municipality's indigent policy registered households are entitled to 100 kwh of electricity and free waste removal for all properties with a value of up to R200 000 as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 23 MBRR A10 (Basic Service Delivery Measurement) on page 37.

## **2.4 Overview of budget related-policies**

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

The following budget-related policies have been approved by Council, or have been reviewed or amended and/or are currently being reviewed/amended in line with National Guidelines and other legislation.

- 2.4.1 Budget Policy
- 2.4.2 Supply Chain Management Policy
- 2.4.3 Rates Policy
- 2.4.4 Tariff Policy
- 2.4.5 Credit Control & Debt Collection Policy
- 2.4.6 Subsistence & Travel Policy
- 2.4.7 Leave Policy
- 2.4.8 Human Resources Training & Development Policy.
- 2.4.9 Virement Policy
- 2.4.10 Funding and Reserves Policy
- 2.4.11 Cash Management and Investment Policy
- 2.4.12 Overtime Policy
- 2.4.13 Organisational Performance Management Policy
- 2.4.14 Social Housing Policy
- 2.4.15 Asset Management Policy
- 2.4.16 Travel Allowance Policy

The promulgation of the Municipal Budget and Reporting Regulations in Government Gazette No. 32141 dated 17 April 2009 is to secure sound and sustainable management of the budgeting and reporting practices of municipalities by establishing uniform norms and standards and other requirement for insuring transparency, accountability and appropriate lines of responsibility in the budgeting and reporting processes of those institutions and other relevant matters as required by the MFMA.

These regulations are effective for all Municipalities from 1 July 2010 and the budget has been compiled accordingly to be in full compliance from 1 July 2010.

In terms of section 7 of these regulations the Municipal Manager must prepare, or take all reasonable steps to ensure the preparation of the budget-related policies of the municipality, or any amendments to such policies, in accordance with the legislation applicable to those policies

for tabling in the municipal council by the applicable deadline specified by the mayor in terms of section 21(1)(b) of the Act.

#### **2.4.1 BUDGET POLICY**

The budget policy is there to assist Mayors, Councillors, Accounting Officers and Senior Managers in dealing with the changes brought about by the Municipal Finance Management Act No 56 of 2003. This policy provides a framework within which Senior Management can compile, control and review budgets of their respective departments to ensure effective financial management

#### **2.4.2 SUPPLY CHAIN MANAGEMENT POLICY**

Municipalities are required in terms of section 111 of the MFMA to have a supply chain management policy.

This policy is within the framework of the relevant legislation and regulations. The policy ascribes to the following principles:

- a. A procurement system which is fair, equitable, transparent, competitive and cost-effective in terms of section 217 of the Constitution of South Africa No. 108 of 1996
- b. As enshrined in Chapter 11 of the Municipal Finance Management Act and its regulations
- c. Best practices in supply chain management
- d. Uniformity in supply chain management systems between organs of state in all spheres
- e. Broad Based Black Economic Empowerment

#### **2.4.3 RATES POLICY**

Section 5(1) of the Municipal Property Rates Act, No. 6 of 2004 states that a municipal council must annually review, and if necessary, amend its rates policy. Any amendments must accompany the municipality's annual budget when it is tabled in the Council. The policy is designed to ensure equitable treatment by Council in the levying of rates on property owners, including owners under sectional title, as well as other persons who may become liable for the payment of rates.

#### **2.4.4 TARIFF POLICY**

The Municipal Systems Act, No 32 of 2000, requires a municipality to have a tariff determination policy. The challenge in setting tariffs lies in striking a balance between maintaining financial sustainability of the relevant departments (and so the sustainability of service provision) and ensuring affordability of those services by consumers. The municipality's tariff policy provides a broad framework where the Council can determine fair, transparent and affordable service charges that also promote sustainability of service provision. The policy is based on principles that address the social, economic and financial imperatives that the process of tariff setting should take account of.

#### **2.4.5 CREDIT CONTROL & DEBT COLLECTION POLICY**

The municipality's credit control and debt collection policy provides the procedures and mechanisms for credit control and for the collection of debts. The primary objective of this policy is to ensure that all monies due and payable to the municipality in respect of rates, fees for services, surcharges on such fees, charges, tariffs, interest which has accrued on any amounts due and payable in respect of the foregoing and any collection charges are collected efficiently and promptly.

#### **2.4.6 SUBSISTANCE AND TRAVEL POLICY**

The purpose of this policy is to determine guidelines for Councillors and officials for the payment of travelling and subsistence allowances when performing official functions on behalf of the Municipality.

#### **2.4.7 LEAVE POLICY**

The leave policy for uMngeni Municipality was adopted by Council in January 2009 and the goal is to ensure that the services rendered by this municipality to the community are efficient, effective and uninterrupted.

The objections are as follows:

- (i) Ensure continuity in operational requirements of the organisation while other employees are on leave.
- (ii) To develop a better understanding regarding leave policy and procedure.
- (iii) Ensure the development of clearly written administrative policy and procedure.
- (iv) To ensure proper and accurate record keeping.
- (v) To ensure that the private and confidential information is maintained.
- (vi) Ensure that leave policy respond effectively to crisis and emergency situations.

#### **2.4.8 HUMAN RESOURCE TRAINING AND DEVELOPMENT POLICY**

This policy deals with the process whereby people acquire the necessary knowledge and skills to perform delegated tasks. The objective is to ensure that the municipality is served by professional, competent, and productive employees who will have, through continuous improvement in skills and attitude facilitated by the Training Division, distinguish themselves of being capable of delivering high quality services to all people in an endeavour to achieve the municipal strategic objectives.

#### **2.4.9 VIREMENT POLICY**

This policy's objective is to allow flexibility in the use of budgeted funds to enable management to act on occasions such as disasters, unforeseen expenditure or savings, etc. as they arise to accelerate service delivery in a financially responsible manner.

#### **2.4.10 FUNDING AND RESERVES POLICY**

The funding and reserves policy is aimed at ensuring that the municipality procures sufficient and cost effective funding in order to achieve its capital expenditure objectives in an optimum manner. The policy is adhered to in the procurement of funding for the municipality having due regard to the assets and liability maturity profile of the municipality.

#### **2.4.11 CASH MANAGEMENT AND INVESTMENT POLICY**

Section 13(2) of the MFMA requires that a municipality have a policy dealing with cash management and investment. The municipality's cash management and investment policy is developed within the framework of the MFMA.

#### **2.4.12 OVERTIME POLICY**

This policy is to ensure that a clear policy guideline is established for all employees of the municipality for working overtime and performing standby duties.

#### **2.4.13 ORGANISATIONAL PERFORMANCE MANAGEMENT POLICY**

The Performance Management System (PMS) is aimed at:

Providing Guidelines on the effective implementation and maintenance of a single and uniform performance management process within uMngeni Municipality;

Ensuring that every employee's output is optimized in terms of quality and quantity, thereby improving uMngeni Municipality's overall performance and service delivery;

Ensuring that individual employee performance is evaluated fairly and objectively;

Ensuring that categories of performance that exceed expectations are recognized, and;

Also ensuring that categories of performance that do not meet expectations are managed.

#### **2.4.14 SOCIAL HOUSING POLICY**

The objectives of this Social Housing Policy for uMngeni Municipality are as follows;

To address the housing backlog in the uMngeni municipal area

To ensure that housing beneficiaries are given a choice in respect of the housing types that will suite their life styles and requirements

To facilitate the development and rejuvenation of the town of Howick through social housing development

uMngeni Municipality also intends to facilitate the institution of a Social Housing Company that will be responsible for driving and championing social housing projects within the Municipal area through the social housing policy

This policy seeks to address the imbalances of the past which were a result of the promulgation of policies under the apartheid regime that granted specifically located land for racial segregation as such policies were also determining the urban landscape.

The acceptance of this policy by uMngeni Municipality's EXCO will enable the Municipality and other role-players in the social housing sector to work co-operatively towards improving and upgrading the municipal infrastructure in the identified restructuring zones so that new social housing projects have easy access to services as per Chapter 2, section 5 (iii) of the Social Housing Policy, 2006.

To ensure access to funding for social housing development is not interrupted by a lack of policy framework within the municipal structure/municipality

The policy is intended to create an enabling environment for the Municipality to enter into performance agreements with social housing institutions that will be responsible for the overall management of social housing stock within uMngeni Municipality

All the above policies are available at the Municipal Offices in Howick, Hilton, Mpophomeni and Howick West, all the libraries in Howick, Howick West, Hilton and Mpophomeni as well as on the municipality's website [www.umngeni.gov.za](http://www.umngeni.gov.za).

#### **2.4.15 ASSET MANAGEMENT POLICY**

The objectives of this policy are:

- To ensure the effectiveness and efficient control, utilisation, safeguarding and strategic property management of municipality's immovable property (property, plant and equipment).
- To ensure asset managers (property managers) are aware of their responsibilities with regards to property, plant and equipment.
- To set out standards of physical management, recording and internal controls to ensure property, plant and equipment are safeguarded against inappropriate loss or utilisation.
- To specify the process required before expenditure on property, plant equipment occurs.
- To emphasize a culture of transparency and accountability over assets.
- To ensure compliance with all legislative, policies, by laws and accounting prescriptions and requirements.

#### **2.4.16 Travel Allowance Policy**

- The objectives of the scheme are to provide for the following:  
Uniform guidelines, conditions and limitations in terms of which the scheme be run in order to restrict differences.
- To compensate employees in a fair and reasonable manner for the

utilization of private travel in the execution of official duties.

## **2.5 Overview of budget assumptions**

### **2.5.1 External factors**

The South African economy has averaged about 2.5 per cent growth a year since 2010. Against the background of the slowdown in the global economy.

A recovery of up to 2.5 per cent and 3.0 per cent growth in 2018 and 2019 is expected, but these are modest rates of expansion relative to the social and developmental challenges we face and the opportunities that our mineral wealth and human capabilities offer.

There was a welcome recovery in job creation during 2011, but unemployment has not yet returned to its 2008 peak and the unemployment rate remains high at 27 per cent.

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the Municipality's finances.

### **2.5.2 General inflation outlook and its impact on the municipal activities**

There are five key factors that have been taken into consideration in the compilation of the 2018/2019 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 30% per cent of total operating expenditure in the 2018/2019 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget. The wage agreement SALGBC has been concluded with the municipal workers unions and must be noted.

### **2.5.3 Interest rates for borrowing and investment of funds**

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The Municipality engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for simplicity the 2018/2019 MTREF is based on the assumption that all borrowings are undertaken using fixed interest rates for amortisation-style loans requiring both regular principal and interest payments. As part of the compilation of the 2018/2019 MTREF the potential of smoothing out the debt profile over the long term will be investigated.

### **2.5.4 Collection rate for revenue services**



The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (88 per cent) of annual billings. Cash flow is assumed to be 88 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

#### **2.5.5 Growth or decline in tax base of the municipality**

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

#### **2.5.6 Salary increases**

The Salary and Wage Collective agreement for the period 01 July 2015 to 31 June 2018 has come to an end. The process is under consultation, therefore, in the absence of other information from the South African Local Government Bargaining Council communication will be provided at a later stage.

#### **2.5.7 Impact of national, provincial and local policies**

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

## 2.5.8 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 90 per cent is achieved on operating expenditure and 95 per cent on the capital programme for the 2018/2019 MTREF of which performance has been factored into the cash flow budget.

## 2.6 Overview of budget funding

### 2.6.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

**Table 27 Breakdown of the operating revenue over the medium-term**

SUMMARY OF 2018/2019						
Description	Adjustments Budget Year 2017/18	Budget Year 2018/2019	%	Budget Year 2019/2020	%	Budget Year 2020/2021
<b>Revenue By Source</b>						
Property rates	185,228,107	199,345,529.00	51%	210,309,533.12	51%	221,876,557.44
Service charges - electricity revenue	78,329,825	83,687,586.00	21%	89,411,816.00	22%	95,527,585.27
Service charges - refuse revenue	5,881,502	6,187,339.78	2%	6,527,644.08	2%	6,886,663.68
Rental of facilities and equipment	762,300	801,938.55	0%	846,045.17	0%	892,577.65
Interest earned - external investments	2,337,199	2,458,734.40	1%	2,593,964.79	1%	2,736,632.86
Fines	13,220,868	13,908,353.14	4%	14,673,312.56	4%	15,480,344.75
Licences and permits	4,821,563	3,862,484.28	1%	4,074,920.91	1%	4,299,041.56
Transfers recognised - operational	65,481,000	75,373,000.00	19%	76,898,000.00	19%	86,130,000.00
Other revenue	6,113,833	6,193,153.52	2%	6,533,777.63	2%	6,893,135.28
<b>NET OPERATING INCOME</b>	<b>362,176,196.75</b>	<b>391,818,118.65</b>	<b>100.00%</b>	<b>411,869,014.26</b>	<b>100.00%</b>	<b>440,722,538.49</b>

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as electricity, solid waste removal, property rates, operating grants from organs of state and other minor charges (such as building plan fees, licenses, fines and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the Municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 88 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Energy Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2018/2019 MTREF on the different revenue categories are:

**Table 28 Proposed tariff increases over the medium-term**

Revenue category	2016/17 proposed tariff increase	2016/17 proposed tariff increase	2018/19 proposed tariff increase	2016/17 additional revenue for each % tariff increase	2016/17 additional revenue owing to % tariff increase	2018/19 additional revenue owing to % tariff increase
	%	%	%	R'000	R'000	R'000
Property rates	6	6	5.2	R6.000	R6.400	R7.364
Solid Waste	6	6	5.2	R500	R525	R5.786
Electricity	6	6	6.84	R6.500	R7.000	R8.547
<b>Total</b>				<b>R13.000</b>	<b>R13.925</b>	<b>R21.697</b>

Revenue to be generated from property rates is R199, 3million in the 2018/2019 financial year and increases to R210,3 million by 2019/2020 which represents 51 per cent of the operating revenue base of the Municipality. It remains relatively constant over the medium-term. With the implementation of the Municipal Property Rates Act the basis of rating significantly changed.

There are no outstanding objections and appeals, The Valuations Appeals Board has dealt with during the 2017/2018 MTREF. As the levying of property rates is considered a strategic revenue source further monthly reviews processes will be undertaken in the 2018/2019 MTREF. The outcome of this initiative will be closely monitored and reported on a regular basis as part of the quarterly performance reporting. The new valuation roll has been done in terms of Municipal Property Rates Act in July 2015 and implemented accordingly.

Services charges relating to electricity and refuse removal constitutes the second biggest component of the revenue basket of the Municipality totalling R 89,8million for the 2018/2019 financial year and increasing to R 95,9 million by 2019/2020. For the 2018/2019 financial year services charges amount to 23 per cent of the total revenue base and increases to 23, 0 per cent per annum over the medium-term. This growth can mainly be attributed to the increase in the bulk prices of electricity.

Operational grants and subsidies amount to R75,3 million, R76,8million and R86,1 million for each of the respective financial years of the MTREF. The percentage of the total operational grants and transfers in relation to the total operating revenue is distorted owing to the high increases in revenue relating to services charges.

It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

**Table 29 MBRR SA15 – Detail Investment Information**

KZN222 uMngeni - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
Parent municipality										
Securities - National Government		-	-	-	-	-	-	-	-	-
Listed Corporate Bonds		-	-	-	-	-	-	-	-	-
Deposits - Bank		38,548	33,038	4,674	8,423	7,023	7,023	4,213	6,785	9,875
Deposits - Public Investment Commissioners		-	-	-	-	-	-	-	-	-
Deposits - Corporation for Public Deposits		-	-	-	-	-	-	-	-	-
Bankers Acceptance Certificates		-	-	-	-	-	-	-	-	-
Negotiable Certificates of Deposit - Banks		-	-	-	-	-	-	-	-	-
Guaranteed Endowment Policies (sinking)		-	-	-	-	-	-	-	-	-
Repurchase Agreements - Banks		-	-	-	-	-	-	-	-	-
Municipal Bonds		-	-	-	-	-	-	-	-	-
Municipality sub-total	1	38,548	33,038	4,674	8,423	7,023	7,023	4,213	6,785	9,875
Entities										
Securities - National Government		-	-	-	-	-	-	-	-	-
Listed Corporate Bonds		-	-	-	-	-	-	-	-	-
Deposits - Bank		-	-	-	-	-	-	-	-	-
Deposits - Public Investment Commissioners		-	-	-	-	-	-	-	-	-
Deposits - Corporation for Public Deposits		-	-	-	-	-	-	-	-	-
Bankers Acceptance Certificates		-	-	-	-	-	-	-	-	-
Negotiable Certificates of Deposit - Banks		-	-	-	-	-	-	-	-	-
Guaranteed Endowment Policies (sinking)		-	-	-	-	-	-	-	-	-
Repurchase Agreements - Banks		-	-	-	-	-	-	-	-	-
Entities sub-total		-	-	-	-	-	-	-	-	-
Consolidated total:		38,548	33,038	4,674	8,423	7,023	7,023	4,213	6,785	9,875

**Table 30 MBRR SA16 – Investment particulars by maturity**

KZN222 uMngeni - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/No)	Variable or Fixed Interest rate	Interest Rate*	Commission Paid (Rands)	Commission Recipient	Expiry date of Investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (€)	Investment Top Up	Closing Balance
Name of Institution & Investment ID	1	Yrs/Months												
<b>Parent municipality</b>														
ASGA		Months	fixed	yes	fixed interest rate		0	0		657	220	-	-	927
FNB		Months	Fixed and Call	yes	variable		0	0		1,916	508	(2,458)	-	(39)
RMB		Months	Fixed	yes	fixed interest rate		0	0		2,055	1,266	-	-	3,321
														-
														-
<b>Municipality sub-total</b>										<b>4,688</b>		<b>(2,458)</b>	<b>-</b>	<b>4,213</b>
<b>Entities</b>														
														-
														-
														-
														-
<b>Entities sub-total</b>										<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL INVESTMENTS AND INTEREST</b>	<b>1</b>									<b>4,688</b>		<b>(2,458)</b>	<b>-</b>	<b>4,213</b>

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The surplus is intended to partly fund capital expenditure from own sources as well as ensure adequate cash backing of reserves and funds although this is not at all sufficient.

## 2.6.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2018/2019 medium-term capital programme:

**Table 31 Sources of capital revenue over the MTREF**

Funded by:											
National Government		22,912	6,852	15,866	23,400	23,379	23,379	23,379	22,646	23,039	24,128
Provincial Government		31,485	-	10,181	-	19,500	19,500	19,500	5,000	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	54,377	6,852	26,047	23,400	42,879	42,879	42,879	27,646	23,039	24,128
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		620	12,158	16,498	7,007	6,327	6,327	6,327	6,854	1,954	2,062
Total Capital Funding	7	54,996	19,010	42,545	30,407	49,206	49,206	49,206	34,500	24,993	26,190

Capital grants and receipts equates to 80 per cent of the total funding source which represents R27,6 million for the 2018/2019 financial year.

As explained earlier, the borrowing capacity of the Municipality has essentially reached its limits and going forward borrowing limits will remain constant.

The following table is a detailed analysis of the Municipality's borrowing liability.

**Table 32 MBRR Table SA 17 - Detail of borrowings**

**KZN222 uMngeni - Supporting Table SA17 Borrowing**

Borrowing - Categorised by type	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>										
<b>Parent municipality</b>										
Annuity and Bullet Loans		29,453	26,621	23,294	22,985	22,985	22,985	20,170	16,858	13,348
Long-Term Loans (non-annuity)		-	-	-	-	-	-	-	-	-
Local registered stock		-	-	-	-	-	-	-	-	-
Instalment Credit		-	-	-	-	-	-	-	-	-
Financial Leases		-	-	-	-	-	-	-	-	-
PPP liabilities		-	-	-	-	-	-	-	-	-
Finance Granted By Cap Equipment Supplier		-	-	-	-	-	-	-	-	-
Marketable Bonds		-	-	-	-	-	-	-	-	-
Non-Marketable Bonds		-	-	-	-	-	-	-	-	-
Bankers Acceptances		-	-	-	-	-	-	-	-	-
Financial derivatives		-	-	-	-	-	-	-	-	-
Other Securities		-	-	-	-	-	-	-	-	-
<b>Municipality sub-total</b>	1	29,453	26,621	23,294	22,985	22,985	22,985	20,170	16,858	13,348
<b>Entities</b>										
Annuity and Bullet Loans		-	-	-	-	-	-	-	-	-
Long-Term Loans (non-annuity)		-	-	-	-	-	-	-	-	-
Local registered stock		-	-	-	-	-	-	-	-	-
Instalment Credit		-	-	-	-	-	-	-	-	-
Financial Leases		-	-	-	-	-	-	-	-	-
PPP liabilities		-	-	-	-	-	-	-	-	-
Finance Granted By Cap Equipment Supplier		-	-	-	-	-	-	-	-	-
Marketable Bonds		-	-	-	-	-	-	-	-	-
Non-Marketable Bonds		-	-	-	-	-	-	-	-	-
Bankers Acceptances		-	-	-	-	-	-	-	-	-
Financial derivatives		-	-	-	-	-	-	-	-	-
Other Securities		-	-	-	-	-	-	-	-	-
<b>Entities sub-total</b>	1	-	-	-	-	-	-	-	-	-
<b>Total Borrowing</b>	1	29,453	26,621	23,294	22,985	22,985	22,985	20,170	16,858	13,348

Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget as well as the cash backed reserves and accumulated funds reconciliation, as discussed below. Internally generated funds consist of R 1.9million.



**Table 33 MBRR Table SA 18 – Operating and Capital transfers and grant receipts**

KZN222 uMngeni - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>										
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
National Government:		44,911	50,028	57,984	62,148	62,148	62,148	70,935	71,754	81,769
Local Government Equitable Share		40,229	44,316	49,326	49,902	49,902	49,902	60,165	66,484	73,599
Municipal Systems Improvement		1,315	930	-	-	-	-	-	-	-
Finance Management		1,977	1,600	1,341	1,700	1,700	1,700	1,770	1,770	1,770
EPWP Incentive		972	1,466	1,317	1,000	1,000	1,000	1,000	-	-
Integrated National Electrification Programme		418	1,715	6,000	5,000	5,000	5,000	8,000	3,500	6,400
Other transfers/grants [insert description]		-	-	-	-	-	-	-	-	-
		-	-	-	4,546	4,546	4,546	-	-	-
Provincial Government:		2,913	3,664	3,213	26,933	3,333	3,333	4,438	5,144	4,361
KZN Library		2,752	2,976	3,026	2,774	2,774	2,774	3,352	3,520	3,696
KZN Museum		161	656	175	183	183	183	192	202	213
Cleanest Town		-	1	-	-	-	-	-	-	-
Data Cleansing		-	25	-	-	-	-	-	-	-
Other transfers/grants [insert description]		-	7	12	23,976	376	376	894	1,422	452
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	5	47,824	53,692	61,197	89,081	65,481	65,481	75,373	76,898	86,130
<b>Capital Transfers and Grants</b>										
National Government:		17,440	26,047	15,866	23,400	23,400	23,400	22,646	23,039	24,128
Municipal Infrastructure Grant (MIG)		17,440	26,047	15,866	23,400	23,400	23,400	22,646	23,039	24,128
Dept of Energy - NATIONAL GRANT		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert desc]		-	-	-	-	-	-	-	-	-
Provincial Government:		32,312	10,588	10,181	-	19,500	19,500	5,000	-	-
Mandela Capture site and Cedara College		32,312	10,588	10,181	-	19,500	19,500	5,000	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	5	49,752	36,635	26,047	23,400	42,900	42,900	27,646	23,039	24,128
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		97,576	90,327	87,245	112,481	108,381	108,381	103,019	99,937	110,258

### 2.6.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;

- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

**Table 34 MBRR Table A7 - Budget cash flow statement**

**KZN222 uMngeni - Table A7 Budgeted Cash Flows**

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>											
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates		143,603	162,203	172,757	166,705	163,001	163,001	163,001	175,424	185,072	195,251
Service charges		57,768	62,487	76,588	75,790	74,106	74,106	74,106	79,095	84,427	90,125
Other revenue		17,299	13,928	18,731	34,483	22,598	22,598	22,598	22,354	23,583	24,880
Government - operating	1	41,278	53,692	61,197	89,081	65,481	65,481	65,481	75,373	76,898	86,130
Government - capital	1	61,699	17,440	26,047	23,400	42,879	42,879	42,879	27,846	23,039	24,128
Interest		4,396	5,349	2,234	4,814	2,337	2,337	2,337	2,459	2,584	2,737
Dividends		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Suppliers and employees		(257,563)	(284,202)	(363,100)	(354,694)	(313,393)	(313,393)	(313,393)	(340,300)	(355,881)	(378,315)
Finance charges		(3,643)	(3,442)	(4,154)	(5,409)	(6,459)	(6,459)	(6,459)	(6,801)	(7,176)	(7,570)
Transfers and Grants	1	-	-	(10,912)	(3,730)	(3,676)	(3,676)	(3,676)	(2,289)	(2,415)	(2,548)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>84,837</b>	<b>27,455</b>	<b>(20,612)</b>	<b>30,440</b>	<b>46,874</b>	<b>46,874</b>	<b>46,874</b>	<b>32,960</b>	<b>30,142</b>	<b>34,818</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		-	-	(4,323)	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors		-	(3,554)	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	1,123	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		(8,750)	-	28,364	-	-	-	-	-	-	-
<b>Payments</b>											
Capital assets		(54,175)	(23,485)	-	(30,407)	(49,206)	(49,206)	(49,206)	(34,500)	(24,993)	(26,190)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(62,929)</b>	<b>(25,915)</b>	<b>24,041</b>	<b>(30,407)</b>	<b>(49,206)</b>	<b>(49,206)</b>	<b>(49,206)</b>	<b>(34,500)</b>	<b>(24,993)</b>	<b>(26,190)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans		-	-	3,139	-	-	-	-	-	-	-
Borrowing long term/refinancing		148	(51)	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		(79)	98	139	-	-	-	-	-	-	-
<b>Payments</b>											
Repayment of borrowing		(2,593)	(2,894)	(2,824)	(3,387)	(3,387)	(3,387)	(3,387)	(3,124)	(3,312)	(3,511)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(2,524)</b>	<b>(2,847)</b>	<b>454</b>	<b>(3,387)</b>	<b>(3,387)</b>	<b>(3,387)</b>	<b>(3,387)</b>	<b>(3,124)</b>	<b>(3,312)</b>	<b>(3,511)</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b>(616)</b>	<b>(1,307)</b>	<b>3,883</b>	<b>(3,353)</b>	<b>(5,718)</b>	<b>(5,718)</b>	<b>(5,718)</b>	<b>(4,665)</b>	<b>1,837</b>	<b>5,118</b>
Cash/cash equivalents at the year begin:	2	8,676	8,103	6,796	14,031	15,353	15,353	15,353	9,635	4,970	6,807
Cash/cash equivalents at the year end:	2	8,060	6,796	10,679	10,677	9,635	9,635	9,635	4,970	6,807	11,925

The above table shows that cash and cash equivalents of the Municipality have increased from between the 2014/2015 and 2017/2018 financial year moving from a positive cash balance of R9,6 million to a surplus of R 4,9 million with the approved 2018/2019 MTREF. With the 2017/2018 adjustments budget various cost efficiencies and savings had to be realised to ensure the Municipality could meet its operational expenditure commitments. In addition the Municipality undertook an extensive debt collection process to boost cash levels. These initiatives and interventions have translated into a positive cash position for the Municipality.



## 2.6.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

**Table 35 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation**

KZN222 uMngeni - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	8,060	6,796	10,679	10,677	9,635	9,635	9,635	4,970	6,807	11,925
Other current investments > 90 days		38,592	33,038	4,674	(0)	(0)	(0)	(0)	-	4,262	4,219
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>46,652</b>	<b>39,835</b>	<b>15,353</b>	<b>10,677</b>	<b>9,635</b>	<b>9,635</b>	<b>9,635</b>	<b>4,970</b>	<b>11,069</b>	<b>16,144</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		22,223	5,922	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	(28,660)	(35,385)	(31,361)	(23,141)	(28,982)	(28,982)	(28,982)	(39,793)	(45,106)	(47,987)
Other provisions		-	2,135	-	450	450	450	450	9,176	9,681	10,214
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>		<b>(6,437)</b>	<b>(27,328)</b>	<b>(31,361)</b>	<b>(22,691)</b>	<b>(28,532)</b>	<b>(28,532)</b>	<b>(28,532)</b>	<b>(30,617)</b>	<b>(35,425)</b>	<b>(37,774)</b>
<b>Surplus(shortfall)</b>		<b>53,089</b>	<b>67,162</b>	<b>46,715</b>	<b>33,368</b>	<b>38,167</b>	<b>38,167</b>	<b>38,167</b>	<b>35,587</b>	<b>46,494</b>	<b>53,918</b>

From the above table it can be seen that the cash and investments available total R4,9 million positive in the 2018/2019 financial year and progressively increases to R11,0 million positive by 2018/19, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return

unspent conditional grant funds to the national revenue fund at the end of the financial year. In the past these have been allowed to 'roll-over' and be spent in the ordinary course of business.

- There is no unspent borrowing from the previous financial years. In terms of the municipality's Borrowing and Investments Policy, borrowings are only drawn down once the expenditure has been incurred against the particular project. Unspent borrowing is ring-fenced and reconciled on a monthly basis to ensure no unnecessary liabilities are incurred.
- Provisions for statutory requirements include VAT owing to timing differences resulting from year-end obligations.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.
- Long term investments consist primarily of the sinking funds for the repayment of future borrowings. The sinking fund value is held within long term investments and must be 'held to maturity' and is not available for spending.

#### **2.6.5 Funding compliance measurement**

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding

compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

**Table 36 MBRR SA10 – Funding compliance measurement**

<b>Total Operating Revenue</b>			271,212	300,442	368,274	428,406	362,176	362,176	362,176	391,818	411,869	440,723
<b>Total Operating Expenditure</b>			299,495	340,404	392,664	428,244	362,148	362,148	362,148	391,608	409,373	436,422
<b>Operating Performance Surplus/(Deficit)</b>			(28,283)	(39,962)	(24,390)	162	28	28	28	210	2,496	5,301
<b>Cash and Cash Equivalents (30 June 2012)</b>										4,970		
<b>Revenue</b>												
% Increase in Total Operating Revenue				10.8%	22.6%	16.3%	(15.5%)	(0.0%)	0.0%	8.2%	5.1%	7.0%
% Increase in Property Rates Revenue				29.6%	4.9%	14.0%	0.0%	0.0%	0.0%	7.6%	5.5%	5.5%
% Increase in Electricity Revenue				7.5%	9.2%	26.6%	0.0%	0.0%	0.0%	6.8%	6.8%	6.8%
% Increase in Property Rates & Services Charges				22.6%	6.1%	16.8%	0.0%	(0.0%)	0.0%	7.3%	5.9%	5.9%
<b>Expenditure</b>												
% Increase in Total Operating Expenditure				13.7%	15.4%	9.1%	(15.4%)	0.0%	0.0%	8.1%	4.5%	6.4%
% Increase in Employee Costs				4.8%	2.7%	27.6%	(9.1%)	0.0%	0.0%	7.8%	7.0%	7.0%
% Increase in Electricity Bulk Purchases				15.9%	16.7%	5.7%	(14.5%)	0.0%	0.0%	25.0%	5.5%	5.5%
Average Cost Per Budgeted Employee Position (Remuneration)					209823.729	0				0		
Average Cost Per Councillor (Remuneration)					0	0				0		
R&M % of PPE		1.6%	2.9%	2.9%	3.0%	3.6%	3.6%	3.6%	2.5%	2.6%	2.8%	
Asset Renewal and R&M as a % of PPE		2.0%	3.0%	3.0%	3.0%	4.0%	4.0%	4.0%	2.0%	2.0%	3.0%	
Debt Impairment % of Total Billable Revenue		12.4%	12.0%	20.8%	12.4%	3.5%	3.5%	3.5%	3.4%	3.4%	3.4%	
<b>Capital Revenue</b>												
Internally Funded & Other (R'000)		620	12,158	16,498	7,007	6,327	6,327	6,327	6,327	6,854	1,954	2,062
Borrowing (R'000)		-	-	-	-	-	-	-	-	-	-	-
Grant Funding and Other (R'000)		54,377	6,852	26,047	23,400	42,879	42,879	42,879	42,879	27,646	23,039	24,128
Internally Generated funds % of Non Grant Funding		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing % of Non Grant Funding		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grant Funding % of Total Funding		98.9%	36.0%	61.2%	77.0%	87.1%	87.1%	87.1%	87.1%	80.1%	92.2%	92.1%
<b>Capital Expenditure</b>												
Total Capital Programme (R'000)		54,996	19,010	42,545	30,407	49,206	49,206	49,206	49,206	34,500	24,993	26,190
Asset Renewal		-	-	-	-	-	-	-	-	-	-	-
Asset Renewal % of Total Capital Expenditure		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Cash</b>												
Cash Receipts % of Rate Payer & Other		99.2%	98.1%	87.9%	82.3%	88.2%	88.2%	88.2%	88.2%	88.2%	88.2%	88.2%
Cash Coverage Ratio		0	0	0	0	0	0	0	0	0	0	0
<b>Borrowing</b>												
Credit Rating (2009/10)										0		
Capital Charges to Operating		2.3%	1.9%	1.8%	2.1%	2.7%	2.7%	2.7%	2.7%	2.5%	2.6%	2.5%
Borrowing Receipts % of Capital Expenditure		23.9%	(10.4%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Reserves</b>												
Surplus/(Deficit)		53,089	67,162	46,715	33,368	38,167	38,167	38,167	38,167	35,587	46,494	53,918
<b>Free Services</b>												
Free Basic Services as a % of Equitable Share		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%	0.0%
Free Services as a % of Operating Revenue (excl operational transfers)		16.0%	18.7%	17.1%	10.4%	11.9%	11.9%		17.0%	16.8%	16.7%	
<b>High Level Outcome of Funding Compliance</b>												
Total Operating Revenue			271,212	300,442	368,274	428,406	362,176	362,176	362,176	391,818	411,869	440,723
Total Operating Expenditure			299,495	340,404	392,664	428,244	362,148	362,148	362,148	391,608	409,373	436,422
Surplus/(Deficit) Budgeted Operating Statement			(28,283)	(39,962)	(24,390)	162	28	28	28	210	2,496	5,301
Surplus/(Deficit) Considering Reserves and Cash Backing			53,089	67,162	46,715	33,368	38,167	38,167	38,167	35,587	46,494	53,918
MTREF Funded (1) / Unfunded (0)	15	1	1	1	1	1	1	1	1	1	1	1
MTREF Funded ✓ / Unfunded ✗	15	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

#### 2.6.5.1 Cash/cash equivalent position

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a

risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year.

#### *2.6.5.2 Cash plus investments less application of funds*

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 21. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

#### *2.6.5.3 Monthly average payments covered by cash or cash equivalents*

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. As part of the 2018/19 MTREF the municipalities decreasing cash position causes the ratio to move to 0.1 and then increases to (0.7) for the outer years. As indicated above the Municipality aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward.

#### *2.6.5.4 Surplus/deficit excluding depreciation offsets*

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

#### *2.6.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target*

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 0, 0 and 0 per cent for the respective financial year of the 2018/2019 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates and services charges is 5.2 per cent, with the increase in electricity at 6,84 per cent it is to be expected that the increase in

revenue will exceed the inflation target figures. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

#### *2.6.5.6 Cash receipts as a percentage of ratepayer and other revenue*

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. Given that the assumed collection rate was based on 88 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

#### *2.6.5.7 Debt impairment expense as a percentage of billable revenue*

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 0.3, 0.3 and 0.3 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

#### *2.6.5.8 Capital payments percentage of capital expenditure*

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 0 per cent timing discount has been factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

#### *2.6.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)*

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded.

#### *2.6.5.10 Transfers/grants revenue as a percentage of Government transfers/grants available*

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The Municipality has budgeted for all transfers.

*2.6.5.11 Consumer debtors change (Current and Non-current)*

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtor's accounts within 30 days.

*2.6.5.12 Repairs and maintenance expenditure level*

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the Municipality's strategy pertaining to asset management and repairs and maintenance are contained in Table 55 MBRR.

*2.6.5.13 Asset renewal/rehabilitation expenditure level*

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 54 MBRR SA34b on page 116.



## 2.7 Expenditure on transfers and grants programmes

**Table 37 MBRR SA19 - Expenditure on transfers and grant programmes**

KZN222 uMngeni - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>EXPENDITURE:</b>	1									
<b>Operating expenditure of Transfers and Grants</b>										
<b>National Government:</b>		44,911	50,028	57,984	62,148	62,148	62,148	70,935	71,754	81,769
Local Government Equitable Share		40,229	44,316	49,326	49,902	49,902	49,902	60,165	66,484	73,599
Municipal Systems Improvement		1,315	930	-	-	-	-	-	-	-
Finance Management		1,977	1,600	1,341	1,700	1,700	1,700	1,770	1,770	1,770
EPWP Incentive		972	1,466	1,317	1,000	1,000	1,000	1,000	-	-
Integrated National Electrification Programme		418	1,715	6,000	5,000	5,000	5,000	8,000	3,500	6,400
Other transfers/grants [insert description]		-	-	-	4,546	4,546	4,546	-	-	-
<b>Provincial Government:</b>		2,913	3,664	3,213	26,933	3,333	3,333	4,438	5,144	4,361
KZN Library		2,752	2,976	3,026	2,774	2,774	2,774	3,352	3,520	3,696
KZN Museum		161	656	175	183	183	183	192	202	213
Cleanest Town		-	1	-	-	-	-	-	-	-
Data Cleansing		-	25	-	-	-	-	-	-	-
Other transfers/grants [insert description]		-	7	12	23,976	376	376	894	1,422	452
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
<b>Total operating expenditure of Transfers and Grants:</b>		47,824	53,692	61,197	89,081	65,481	65,481	75,373	76,898	86,130
<b>Capital expenditure of Transfers and Grants</b>										
<b>National Government:</b>		21,415	6,852	15,866	23,400	23,379	23,379	22,646	23,039	24,128
Municipal Infrastructure Grant (MIG)		21,415	6,852	15,866	23,400	23,379	23,379	22,646	23,039	24,128
Dept of Energy- NATIONAL GRANT		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert desc]		-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>		32,312	10,588	10,181	-	19,500	19,500	5,000	-	-
Mandela Capture site and Cedara College		32,312	10,588	10,181	-	19,500	19,500	5,000	-	-
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	-	-	-	-	-	-
[insert description]		-	-	-	-	-	-	-	-	-
<b>Total capital expenditure of Transfers and Grants</b>		53,727	17,440	26,047	23,400	42,879	42,879	27,646	23,039	24,128
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>		101,551	71,132	87,245	112,481	108,360	108,360	103,019	99,937	110,258

**Table 38 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds**

**KZN222 uMngeni - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds**

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>										
<b>Operating transfers and grants:</b>	1,3									
<b>National Government:</b>										
Balance unspent at beginning of the year			-	-						
Current year receipts		44,911	50,028	57,984	57,984	62,148	62,148	70,935	71,754	81,769
Conditions met - transferred to revenue		44,911	50,028	57,984	57,984	62,148	62,148	70,935	71,754	81,769
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		3,235	3,664	3,213	31,097	3,333	3,333	4,438	5,144	4,361
Conditions met - transferred to revenue		3,235	3,664	3,213	31,097	3,333	3,333	4,438	5,144	4,361
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
<b>Total operating transfers and grants revenue</b>		<b>48,146</b>	<b>53,692</b>	<b>61,197</b>	<b>89,081</b>	<b>65,481</b>	<b>65,481</b>	<b>75,373</b>	<b>76,898</b>	<b>86,130</b>
<b>Total operating transfers and grants - CTBM</b>	2	-	-	-	-	-	-	-	-	-
<b>Capital transfers and grants:</b>	1,3									
<b>National Government:</b>										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		21,415	6,852	15,866	23,400	23,379	23,379	22,646	23,039	24,128
Conditions met - transferred to revenue		21,415	6,852	15,866	23,400	23,379	23,379	22,646	23,039	24,128
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		32,962	0	10,181	-	19,500	19,500	5,000	-	-
Conditions met - transferred to revenue		32,962	0	10,181	-	19,500	19,500	5,000	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>										
Balance unspent at beginning of the year		-	-	-	-	-	-	-	-	-
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
<b>Total capital transfers and grants revenue</b>		<b>54,377</b>	<b>6,852</b>	<b>26,047</b>	<b>23,400</b>	<b>42,879</b>	<b>42,879</b>	<b>27,646</b>	<b>23,039</b>	<b>24,128</b>
<b>Total capital transfers and grants - CTBM</b>	2	-	-	-	-	-	-	-	-	-
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>		<b>102,523</b>	<b>60,544</b>	<b>87,244</b>	<b>112,481</b>	<b>108,360</b>	<b>108,360</b>	<b>103,019</b>	<b>99,937</b>	<b>110,258</b>
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>		-	-	-	-	-	-	-	-	-



## **2.8 Councillor and employee benefits**

**Table 39 MBRR SA22 - Summary of councillor and staff benefits**

KZN222 uMngeni - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand		A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>	1									
Basic Salaries and Wages		7,237	7,369	7,901	8,895	8,895	8,895	9,517	10,184	10,897
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Cellphone Allowance		-	-	-	-	-	-	-	-	-
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-	-
<b>Sub Total - Councillors</b>		7,237	7,369	7,901	8,895	8,895	8,895	9,517	10,184	10,897
<b>% increase</b>	4		1.8%	7.2%	12.6%	-	-	7.0%	7.0%	7.0%
<b>Senior Managers of the Municipality</b>	2									
Basic Salaries and Wages		3,585	5,169	6,435	7,360	6,573	6,573	7,696	8,235	8,811
Pension and UIF Contributions		-	10	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	729	-	-	-	-	-	-	-	-
Cellphone Allowance	3	80	110	-	114	114	114	-	-	-
Housing Allowances	3	-	-	-	-	-	-	-	-	-
Other benefits and allowances	3	-	1,300	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>		4,394	6,589	6,435	7,474	6,687	6,687	7,696	8,235	8,811
<b>% increase</b>	4		50.0%	(2.3%)	16.1%	(10.5%)	-	15.1%	7.0%	7.0%
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		53,036	45,917	53,071	63,764	59,989	59,989	60,178	64,391	68,898
Pension and UIF Contributions		10,365	11,069	487	14,018	12,683	12,683	13,643	14,598	15,619
Medical Aid Contributions		3,742	4,188	4,960	7,280	5,022	5,022	5,481	5,864	6,275
Overtime		5,563	5,587	6,020	6,218	6,400	6,400	6,244	6,681	7,148
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	2,964	3,774	4,571	3,977	3,805	3,805	4,209	4,503	4,819
Cellphone Allowance	3	314	202	315	343	319	319	342	362	383
Housing Allowances	3	248	610	653	738	618	618	676	723	774
Other benefits and allowances	3	4,790	3,998	131	6,407	4,228	4,228	9,086	9,741	10,415
Payments in lieu of leave		2,376	2,939	3,271	3,511	3,511	3,511	3,757	4,020	4,301
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	1,534	8,891	829	829	829	887	949	1,015
<b>Sub Total - Other Municipal Staff</b>		83,397	78,826	83,370	107,086	97,403	97,403	104,501	111,831	118,647
<b>% increase</b>	4		(4.3%)	4.4%	28.4%	(9.0%)	-	7.3%	7.0%	7.0%
<b>Total Parent Municipality</b>		95,028	93,784	97,705	123,455	112,985	112,985	121,714	130,250	139,355
			(1.3%)	4.2%	26.4%	(8.5%)	-	7.7%	7.0%	7.0%
<b>Board Members of Entities</b>										
Basic Salaries and Wages		-	-	-	-	-	-	-	-	-
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	-	-	-	-	-	-	-	-	-
Cellphone Allowance	3	-	-	-	-	-	-	-	-	-
Housing Allowances	3	-	-	-	-	-	-	-	-	-
Other benefits and allowances	3	-	-	-	-	-	-	-	-	-
Board Fees		-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
<b>Sub Total - Board Members of Entities</b>		-	-	-	-	-	-	-	-	-
<b>% increase</b>	4		-	-	-	-	-	-	-	-
<b>Senior Managers of Entities</b>										
Basic Salaries and Wages		-	-	-	-	-	-	-	-	-
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	-	-	-	-	-	-	-	-	-
Cellphone Allowance	3	-	-	-	-	-	-	-	-	-
Housing Allowances	3	-	-	-	-	-	-	-	-	-
Other benefits and allowances	3	-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Entities</b>		-	-	-	-	-	-	-	-	-
<b>% increase</b>	4		-	-	-	-	-	-	-	-
<b>Other Staff of Entities</b>										
Basic Salaries and Wages		-	-	-	-	-	-	-	-	-
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	-	-	-	-	-	-	-	-	-
Cellphone Allowance	3	-	-	-	-	-	-	-	-	-
Housing Allowances	3	-	-	-	-	-	-	-	-	-
Other benefits and allowances	3	-	-	-	-	-	-	-	-	-
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
<b>Sub Total - Other Staff of Entities</b>		-	-	-	-	-	-	-	-	-
<b>% increase</b>	4		-	-	-	-	-	-	-	-
<b>Total Municipal Entities</b>		-	-	-	-	-	-	-	-	-
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		95,028	93,784	97,705	123,455	112,985	112,985	121,714	130,250	139,355
<b>% increase</b>	4		(1.3%)	4.2%	26.4%	(8.5%)	-	7.7%	7.0%	7.0%
<b>TOTAL MANAGERS AND STAFF</b>	5,7	87,791	86,415	89,805	114,560	104,090	104,090	112,197	120,066	128,458

**KZN222 uMngeni - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)**

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**Table 41 MBRR SA24 – Summary of personnel numbers**

**KZN222 uMngeni - Supporting Table SA24 Summary of personnel numbers**

Summary of Personnel Numbers		Ref	2016/17			Current Year 2017/18			Budget Year 2018/19		
Number		1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>											
Councillors (Political Office Bearers plus Other Councillors)			-	23	-	-	23	-	-	23	-
Board Members of municipal entities	4		-	-	-	-	-	-	-	-	-
<b>Municipal employees</b>											
Municipal Manager and Senior Managers	3		-	5	-	-	5	-	-	5	-
Other Managers	7		-	21	-	-	21	-	-	21	-
Professionals			-	6	-	-	6	-	-	6	-
Finance			-	-	-	-	-	-	-	-	-
Spatial/town planning			-	4	-	-	4	-	-	4	-
Information Technology			-	1	-	-	1	-	-	1	-
Roads			-	-	-	-	-	-	-	-	-
Electricity			-	1	-	-	1	-	-	1	-
Water			-	-	-	-	-	-	-	-	-
Sanitation			-	-	-	-	-	-	-	-	-
Refuse			-	-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-	-
Technicians			-	79	-	-	79	-	-	79	-
Finance			-	-	-	-	-	-	-	-	-
Spatial/town planning			-	-	-	-	-	-	-	-	-
Information Technology			-	-	-	-	-	-	-	-	-
Roads			-	79	-	-	79	-	-	79	-
Electricity			-	-	-	-	-	-	-	-	-
Water			-	-	-	-	-	-	-	-	-
Sanitation			-	-	-	-	-	-	-	-	-
Refuse			-	-	-	-	-	-	-	-	-
Other			-	-	-	-	-	-	-	-	-
Clerks (Clerical and administrative)			-	86	-	-	86	-	-	86	-
Service and sales workers			-	19	-	-	19	-	-	19	-
Skilled agricultural and fishery workers			-	-	-	-	-	-	-	-	-
Craft and related trades			-	10	-	-	10	-	-	10	-
Plant and Machine Operators			-	29	-	-	29	-	-	29	-
Elementary Occupations			-	150	-	-	150	-	-	150	-
<b>TOTAL PERSONNEL NUMBERS</b>	9		-	428	-	-	428	-	-	428	-

## **2.9 Monthly targets for revenue, expenditure and cash flow**

**Table 42 MBRR SA25 - Budgeted monthly revenue and expenditure**



KZN222 uMngeni - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand																
Revenue By Source																
Property rates		18,475	22,238	17,252	18,012	16,594	15,357	15,931	15,238	15,712	15,831	14,067	14,638	199,346	210,310	221,877
Service charges - electricity revenue		6,951	9,050	6,024	4,873	5,391	4,474	4,482	4,361	7,100	4,477	5,231	21,273	83,688	89,412	95,528
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		581	571	452	490	485	476	495	471	490	495	404	778	6,187	6,528	6,887
Service charges - other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		63	62	56	58	59	71	67	50	69	70	69	107	802	846	893
Interest earned - external investments		172	270	286	174	273	171	175	170	274	175	177	143	2,459	2,594	2,737
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		890	860	891	544	642	2,874	1,828	1,860	944	925	855	795	13,908	14,673	15,480
Licences and permits		697	317	261	242	364	268	218	274	291	211	252	469	3,862	4,075	4,299
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		18,000	-	3,000	7,314	-	16,167	-	-	15,000	-	6,000	9,892	75,373	76,898	86,130
Other revenue		218	398	272	439	428	808	849	485	839	349	601	509	6,193	6,534	6,893
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contribution)		46,047	33,766	28,493	32,147	24,236	40,665	24,044	22,909	40,719	22,532	27,656	48,604	391,818	411,869	440,723
Expenditure By Type																
Employee related costs		9,323	9,323	9,323	9,323	9,323	9,323	9,323	9,323	9,323	9,323	9,323	9,644	112,197	120,066	128,458
Remuneration of councillors		658	658	658	658	658	658	658	658	658	658	658	2,275	9,517	10,184	10,897
Debt impairment		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation & asset impairment		2,562	2,562	2,562	2,562	2,562	2,562	2,562	2,562	2,562	2,562	2,562	9,878	9,878	10,421	10,994
Finance charges		-	-	1,352	-	-	1,352	-	1,352	1,352	-	-	4,160	32,340	34,118	35,995
Bulk purchases		8,191	13,540	5,509	6,429	7,970	7,588	6,991	6,509	6,788	8,747	8,646	2,745	6,801	7,176	7,570
Other materials		-	-	-	-	-	-	-	-	-	-	-	23,514	110,422	116,496	122,903
Contracted services		2,220	1,868	2,232	2,029	2,323	2,135	2,020	2,132	2,035	2,240	2,354	1,543	25,132	26,514	27,972
Transfers and subsidies		259	260	158	187	259	210	180	159	285	101	59	172	2,289	2,415	2,548
Other expenditure		11,035	7,546	7,250	6,451	8,524	6,254	5,725	4,854	4,543	7,246	10,543	3,060	83,032	81,984	88,085
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		34,249	35,758	29,044	27,639	31,620	30,082	27,460	26,197	27,546	30,877	34,145	56,592	391,608	409,373	435,422
Surplus/(Deficit)		11,799	(1,992)	(551)	4,507	(7,385)	10,583	(3,415)	(3,287)	13,173	(8,345)	(6,489)	(8,388)	210	2,496	5,301
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		-	7,215	-	-	5,412	-	6,485	-	-	3,534	-	5,000	27,646	23,039	24,128
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		11,799	5,223	(551)	4,507	(1,973)	10,583	3,070	(3,287)	13,173	(4,811)	(6,489)	(3,388)	27,856	25,535	29,429
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	11,799	5,223	(551)	4,507	(1,973)	10,583	3,070	(3,287)	13,173	(4,811)	(6,489)	(3,388)	27,856	25,535	29,429





**Table 43 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)**

KZN222 uMhlangeni - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>Revenue by Vote</b>																
Vote 1 - Executive and Council		20,550	22,236	17,903	26,863	18,706	19,393	17,020	15,236	21,863	6,020	16,334	52,837	254,961	271,253	288,779
Vote 2 - Finance		1,905	458	292	234	202	290	295	305	292	302	252	276	5,105	5,289	5,482
Vote 3 - Corporate Services		88	103	95	142	56	114	152	89	103	68	89	149	1,248	1,317	1,389
Vote 4 - Planning Services		58	57	69	59	59	57	60	57	59	2,460	62	5,751	8,807	4,489	3,681
Vote 5 - Community Services		890	860	1,491	944	942	1,574	828	1,260	944	925	855	760	12,273	12,938	13,638
Vote 6 - Technical Services		22,556	10,052	8,643	3,903	4,270	19,238	5,689	5,963	17,456	20,000	10,064	9,234	137,059	139,623	151,981
Vote 7 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>		46,047	33,766	28,493	32,147	24,236	40,665	24,044	22,909	40,719	29,775	27,656	69,006	419,464	434,908	464,351
<b>Expenditure by Vote to be appropriated</b>																
Vote 1 - Executive and Council		4,248	4,175	3,901	4,424	4,985	3,912	3,501	3,875	3,815	4,059	3,853	2,956	47,704	50,716	53,922
Vote 2 - Finance		4,734	4,691	4,059	5,777	4,756	4,712	4,799	4,691	4,777	4,799	3,842	3,110	54,749	57,890	61,219
Vote 3 - Corporate Services		1,622	2,581	3,926	2,662	2,642	3,602	2,683	2,581	2,662	3,683	3,723	2,253	34,621	36,731	38,971
Vote 4 - Planning Services		536	1,680	633	1,560	1,575	895	716	664	861	1,572	576	2,442	13,715	15,105	15,055
Vote 5 - Community Services		622	1,581	2,926	1,662	1,642	2,602	2,683	3,581	4,662	3,683	5,723	1,991	33,360	35,567	38,001
Vote 6 - Technical Services		22,487	21,049	13,588	11,554	16,019	14,355	13,078	13,804	12,767	13,081	16,427	39,239	207,459	213,365	228,252
Vote 7 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>		34,249	35,758	29,044	27,639	31,620	30,082	27,460	29,197	29,546	30,877	34,145	51,992	391,608	409,373	435,422
<b>Surplus/(Deficit) before assoc.</b>		11,799	(1,992)	(551)	4,507	(7,385)	10,583	(3,415)	(6,287)	11,173	(1,101)	(6,489)	17,014	27,856	25,535	29,429
Taxation																
Attributable to minorities																
Share of surplus/(deficit) of associate																
<b>Surplus/(Deficit)</b>	1	11,799	(1,992)	(551)	4,507	(7,385)	10,583	(3,415)	(6,287)	11,173	(1,101)	(6,489)	17,014	27,856	25,535	29,429

**Table 44 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)**

KZN222 uMngeni - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
<b>Revenue - Functional</b>																	
<i>Governance and administration</i>																	
Executive and council		36,485	22,125	20,004	21,738	13,323	30,688	13,020	13,858	28,187	15,156	17,863	52,318	284,764	300,691	319,561	
Finance and administration		34,579	21,667	19,711	21,504	13,121	30,399	12,725	13,553	27,894	14,854	17,611	27,344	254,961	271,253	288,779	
Internal audit		1,905	438	292	234	202	290	295	305	292	302	252	24,974	29,803	29,438	30,781	
<i>Community and public safety</i>																	
Community and social services		281	271	252	294	285	278	285	471	290	495	404	653	4,268	4,492	4,728	
Sport and recreation		281	271	252	290	285	276	295	471	290	495	404	653	4,262	4,486	4,722	
Public safety		-	-	-	4	-	2	-	-	-	-	-	0	6	6	7	
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<i>Economic and environmental services</i>																	
Planning and development		750	749	761	752	751	750	753	749	752	3,153	754	6,412	17,085	13,222	12,894	
Road transport		58	57	69	59	59	57	60	57	59	2,460	62	5,727	8,784	4,464	3,655	
Environmental protection		692	692	692	692	692	692	692	692	692	692	692	685	8,301	8,757	9,239	
<i>Trading services</i>																	
Energy sources		8,532	10,621	7,476	9,363	9,876	8,949	9,977	7,832	11,490	10,972	8,635	9,624	113,347	116,503	127,668	
Water management		6,951	9,050	6,024	7,873	8,391	8,474	9,482	7,361	9,100	10,477	8,231	9,362	100,776	102,922	112,972	
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Waste management		1,581	1,571	1,452	1,490	1,485	476	495	471	2,390	495	404	262	12,571	13,582	14,696	
<i>Other</i>																	
<b>Total Revenue - Functional</b>		<b>46,047</b>	<b>33,766</b>	<b>28,493</b>	<b>32,147</b>	<b>24,236</b>	<b>40,665</b>	<b>24,044</b>	<b>22,909</b>	<b>40,719</b>	<b>29,775</b>	<b>27,656</b>	<b>69,006</b>	<b>419,464</b>	<b>434,908</b>	<b>464,851</b>	
<b>Expenditure - Functional</b>																	
<i>Governance and administration</i>																	
Executive and council		8,983	12,866	11,961	9,201	9,741	12,624	12,300	14,566	8,592	12,358	16,666	25,289	155,675	164,111	174,138	
Finance and administration		4,248	4,175	3,901	3,424	4,985	3,912	3,501	3,875	3,815	4,059	3,853	2,145	45,893	48,780	51,851	
Internal audit		4,734	8,691	8,059	5,777	4,756	8,712	8,799	10,691	4,777	8,799	12,842	21,333	107,971	113,394	120,216	
<i>Community and public safety</i>																	
Community and social services		1,874	1,814	1,877	1,683	1,478	1,842	1,551	1,314	1,583	1,444	1,805	1,811	1,811	1,937	2,071	
Sport and recreation		890	860	891	944	542	874	628	460	644	625	855	354	1,298	20,592	21,980	
Public safety		890	860	891	644	842	674	828	760	844	725	855	849	8,568	9,139	9,749	
Housing		-	-	-	-	-	-	-	-	-	-	-	-	9,663	10,321	11,023	
Health		94	94	94	94	94	94	94	94	94	94	94	-	1,133	1,133	1,208	
<i>Economic and environmental services</i>																	
Planning and development		2,693	5,030	3,190	5,818	4,922	3,720	2,110	1,900	1,074	4,320	2,491	5,176	42,444	45,624	47,477	
Road transport		536	1,680	633	1,560	1,575	899	716	664	861	1,572	576	2,436	13,708	15,098	15,048	
Environmental protection		2,157	3,349	2,557	4,258	3,347	2,821	1,394	1,236	213	2,748	1,915	2,740	28,735	30,526	32,430	
<i>Trading services</i>																	
Energy sources		20,699	16,048	12,017	10,937	12,478	12,096	11,499	11,017	11,296	12,255	13,154	30,623	174,119	179,039	191,818	
Water management		18,191	13,540	9,509	8,429	9,970	9,588	8,991	8,509	8,788	9,747	10,646	25,481	141,369	144,310	154,966	
Waste water management		-	241	241	241	241	241	241	241	241	241	241	201	2,853	3,048	3,256	
Waste management		2,267	2,267	2,267	2,267	2,267	2,267	2,267	2,267	2,267	2,267	2,267	4,940	29,877	31,681	33,596	
<i>Other</i>																	
<b>Total Expenditure - Functional</b>		<b>34,249</b>	<b>35,758</b>	<b>29,044</b>	<b>27,699</b>	<b>28,620</b>	<b>30,082</b>	<b>27,460</b>	<b>28,797</b>	<b>22,546</b>	<b>30,877</b>	<b>34,145</b>	<b>62,392</b>	<b>391,608</b>	<b>408,373</b>	<b>435,422</b>	
<b>Surplus/(Deficit) before assoc.</b>		<b>11,799</b>	<b>(1,992)</b>	<b>(551)</b>	<b>4,507</b>	<b>(4,385)</b>	<b>10,583</b>	<b>(3,415)</b>	<b>(5,887)</b>	<b>18,173</b>	<b>(1,101)</b>	<b>(6,489)</b>	<b>6,614</b>	<b>27,856</b>	<b>25,535</b>	<b>29,429</b>	
Share of surplus/ (deficit) of associate																	
<b>Surplus/(Deficit)</b>	1	<b>11,799</b>	<b>(1,992)</b>	<b>(551)</b>	<b>4,507</b>	<b>(4,385)</b>	<b>10,583</b>	<b>(3,415)</b>	<b>(5,887)</b>	<b>18,173</b>	<b>(1,101)</b>	<b>(6,489)</b>	<b>6,614</b>	<b>27,856</b>	<b>25,535</b>	<b>29,429</b>	

**Table 45 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)**

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
R thousand																	
Multi-year expenditure to be appropriated	1																
Vote 1 - Executive and Council													-	-	-	-	
Vote 2 - Finance													-	-	-	-	
Vote 3 - Corporate Services													-	-	-	-	
Vote 4 - Planning Services													-	-	-	-	
Vote 5 - Community Services													-	-	-	-	
Vote 6 - Technical Services													-	-	-	-	
Vote 7 -													-	-	-	-	
Vote 8 -													-	-	-	-	
Vote 9 -													-	-	-	-	
Vote 10 -													-	-	-	-	
Vote 11 -													-	-	-	-	
Vote 12 -													-	-	-	-	
Vote 13 -													-	-	-	-	
Vote 14 -													-	-	-	-	
Vote 15 -													-	-	-	-	
Capital multi-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Single-year expenditure to be appropriated																	
Vote 1 - Executive and Council													99	269	284	299	
Vote 2 - Finance													-	314	331	349	
Vote 3 - Corporate Services													251	329	347	366	
Vote 4 - Planning Services													-	5,128	135	142	
Vote 5 - Community Services													-	5,280	286	311	
Vote 6 - Technical Services													2,135	23,181	23,602	24,722	
Vote 7 -													-	-	-	-	
Vote 8 -													-	-	-	-	
Vote 9 -													-	-	-	-	
Vote 10 -													-	-	-	-	
Vote 11 -													-	-	-	-	
Vote 12 -													-	-	-	-	
Vote 13 -													-	-	-	-	
Vote 14 -													-	-	-	-	
Vote 15 -													-	-	-	-	
Capital single-year expenditure sub-total	2	-	5,827	508	8,843	-	2,154	266	2,486	3,215	-	198	11,004	34,500	24,993	26,190	
Total Capital Expenditure	2	-	5,827	508	8,843	-	2,154	266	2,486	3,215	-	198	11,004	34,500	24,993	26,190	

May 2018



KZN222 uMngeni - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
<b>R thousand</b>																
<b>Capital Expenditure - Functional</b>	1															
Governance and administration				87	148	-	-	-	99	-	-	-	249	583	614	648
Executive and council		-	-	87	-	-	-	-	99	-	-	-	84	269	284	299
Finance and administration		-	-	-	148	-	-	-	-	-	-	-	186	314	331	349
Internal audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>																
Community and social services		-	-	-	-	-	-	-	-	-	-	-	5,280	5,280	295	311
Sport and recreation		-	-	-	-	-	-	-	-	-	-	-	5,280	5,280	295	311
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>																
Planning and development		-	5,827	121	8,695	-	2,154	-	2,387	3,215	-	198	5,177	27,774	23,174	24,270
Road transport		-	5,827	121	8,695	-	2,154	-	2,387	3,215	-	198	5,006	5,128	135	142
Environmental protection		-	-	-	-	-	-	-	-	-	-	-	170	22,646	23,039	24,128
<b>Trading services</b>																
Energy sources		-	-	300	-	-	-	-	-	-	-	-	-	-	-	-
Water management		-	-	300	-	-	-	-	-	-	-	-	-	300	316	334
Waste water management		-	-	-	-	-	-	-	-	-	-	-	-	300	316	334
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Other</b>																
		-	5,827	508	8,843	-	-	266	-	-	-	-	298	564	594	627
<b>Total Capital Expenditure - Functional</b>	2	-	5,827	508	8,843	-	2,154	266	2,486	3,215	-	198	11,004	34,500	24,993	26,190
<b>Funded by:</b>																
National Government		-	5,827	-	8,695	-	2,154	-	2,387	3,215	-	-	368	22,646	23,039	24,128
Provincial Government		-	-	-	-	-	-	-	-	-	-	-	5,000	5,000	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>		-	5,827	-	8,695	-	2,154	-	2,387	3,215	-	-	5,368	27,646	23,039	24,128
<b>Public contributions &amp; donations</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Borrowing</b>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		-	-	508	148	-	-	266	99	-	-	198	5,636	6,854	1,954	2,062
<b>Total Capital Funding</b>		-	5,827	508	8,843	-	2,154	266	2,486	3,215	-	198	11,004	34,500	24,993	26,190



Table 47 MBRR SA30 - Budgeted monthly cash flow

KZN222 uMngeni - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS		Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cash Receipts By Source																
Property rates	15,728	20,015	12,827	12,611	13,134	13,821	13,438	12,815	13,241	13,348	12,661	12,661	21,787	175,424	185,072	195,251
Service charges - electricity revenue	7,191	9,362	6,232	5,041	5,577	4,628	4,637	4,511	7,345	4,631	5,411	5,411	9,079	73,645	78,682	84,064
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	522	514	407	441	437	428	445	424	441	445	364	364	582	5,450	5,744	6,060
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	57	56	50	52	53	64	61	45	62	63	62	62	177	802	846	893
Interest earned - external investments	172	270	686	174	15	171	175	-	274	175	-	-	347	2,459	2,594	2,737
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and rebates	412	698	952	1,550	722	904	1,564	998	1,648	927	956	956	897	12,239	12,913	13,823
Licences and permits	197	117	661	442	364	668	218	274	291	211	252	252	169	3,862	4,075	4,299
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	18,000	-	3,000	7,314	-	-	-	-	15,000	-	-	6,000	9,892	75,373	76,898	86,130
Other revenue	436	718	244	255	386	727	764	437	255	314	541	541	374	5,450	5,750	6,066
Cash Receipts by Source	42,715	31,750	25,058	27,890	20,688	37,579	21,301	19,504	38,556	20,114	26,247	26,247	43,304	354,705	372,574	399,123
Other Cash Flows by Source																
Transfer receipts - capital	-	7,215	-	-	-	5,412	-	5,000	-	3,534	-	-	-	27,646	23,039	24,128
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind all)																
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/financing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	42,715	38,965	25,058	27,890	26,100	37,579	27,786	24,504	38,556	23,848	26,247	26,247	43,304	382,351	395,613	423,251
Cash Payments by Type																
Employee related costs	9,323	9,323	9,323	9,323	9,323	9,323	9,323	9,323	9,323	9,323	9,323	9,323	9,644	112,197	120,703	128,458
Remuneration of councillors	658	658	658	658	658	658	658	658	658	658	658	658	2,275	9,517	10,184	10,897
Finance charges	-	-	1,352	1,352	-	-	1,352	-	1,352	1,352	-	-	2,745	6,801	7,176	7,570
Bulk purchases - Electricity	7,191	10,540	5,509	7,429	8,970	7,588	7,991	7,509	7,788	7,747	8,646	8,646	23,514	110,422	116,496	122,903
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services	1,220	1,868	1,232	1,029	1,323	1,135	1,020	1,132	1,035	1,240	1,354	1,354	11,543	25,132	26,514	27,972
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	159	160	258	187	159	210	210	109	185	201	259	259	192	2,289	2,415	2,548
Other expenditure	7,035	7,546	7,250	9,451	8,524	4,254	7,725	7,854	5,543	7,246	5,543	5,543	5,060	83,032	81,984	88,085
Cash Payments by Type	25,587	30,096	25,582	28,078	28,958	24,520	28,928	26,585	25,884	26,415	25,784	25,784	54,974	349,391	365,471	388,433
Other Cash Flows/Payments by Type																
Capital assets	-	7,215	-	-	-	5,412	6,485	-	-	3,534	-	-	11,854	34,500	24,993	26,190
Repayment of borrowing	-	-	1,860	-	-	-	-	-	317	-	-	-	383	3,124	3,312	3,511
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	25,587	37,311	27,442	28,078	34,370	25,084	33,413	26,585	26,200	29,949	25,784	25,784	67,212	387,015	393,776	418,133
NET INCREASE/DECREASE IN CASH HELD		17,128	1,654	(2,384)	(188)	(8,270)	12,495	(5,627)	12,355	(6,301)	464	464	(23,908)	(4,885)	1,837	5,118
Cash/cash equivalents at the month/year begin:	9,035	26,763	28,417	26,033	25,845	17,574	30,069	24,442	22,361	34,716	28,415	28,415	28,678	9,535	4,970	6,807
Cash/cash equivalents at the month/year end:	26,763	28,417	26,033	25,845	17,574	30,069	24,442	22,361	34,716	28,415	28,678	28,678	4,970	4,970	5,807	11,925

## **2.10 Annual budgets and Service Delivery Budget Implementation Plan – internal department**

In terms of section 53(1)(c)(ii) the Mayor must take all reasonable steps to ensure that the municipality's service delivery and budget implementation plan is approved by the mayor within 28 days after the approval of the budget. The draft organisational SDBIP together with the departmental SDBIP's will be included in the final budget document

## 2.11 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, the following contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

**Table 52 MBRR SA32 – List of external mechanisms**

KZN222 uMngeni - Supporting Table SA32 List of external mechanisms

External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
GNG			Debt Collection	31/10/2017	10% profitee
Siva Chetty			Debt Collection		
Unilateral Unison Insurance			Short Term Insurance	31/10/2017	316
Ntshidi & Associates			Vat Assessment Service	30/11/2017	0
Walton's			Supply & Delivery of Stationery	28/02/2018	4

## 2.11 Capital expenditure details

The following three tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

**Table 53 MBRR SA 34a - Capital expenditure on new assets by asset class**

KEN222 uMngeni - Supporting Table 9A34a Capital expenditure on new assets by asset class

KZN222 UMngeni - Supporting Table SA34a Capital expenditure on new assets by asset class																	
R thousand	Description	Ref	2014/15			2015/16			2016/17			Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
			1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year 2019/20	Budget Year 2020/21					
Capital Expenditure on New Assets by Asset Class (Subclass)																	
	Infrastructure			21,774	2,767	21,185	20,885	21,898	21,888	22,848	23,039	24,459					
	Roads Infrastructure			60,969	8,762	20,601	20,800	20,479	20,479	22,646	23,039	24,109					
	Roads			60,969	8,762	20,601	20,800	20,479	20,479	22,646	23,039	24,109					
	Road Structures																
	Road Furniture																
	Capital Spares																
	Storm water Infrastructure																
	Drainage Collection																
	Storm water Conveyance																
	Attenuation																
	Electrical Infrastructure			815		685		4,220	4,220								
	Power Plants																
	HV Substations																
	HV Switching Station																
	HV Transmission Conductors			815		685		4,220	4,220								
	MV Substations																
	MV Switching Stations																
	MV Networks																
	LV Networks																
	Capital Spares																
	Water Supply Infrastructure																
	Dams and Weirs																
	Boreholes																
	Reservoirs																
	Pump Stations																
	Water Treatment Works																
	Bulk Mains																
	Distribution																
	Distribution Points																
	PRV Stations																
	Capital Spares																
	Sanitation Infrastructure																
	Pump Station																
	Rehabilitation																
	Waste Water Treatment Works																
	Outfall Sewers																
	Toilet Facilities																
	Capital Spares																
	Solid Waste Infrastructure																
	Landfill Sites																
	Waste Transfer Stations																
	Waste Processing Facilities																
	Waste Drop-off Points																
	Waste Separation Facilities																
	Classify Generation Facilities																
	Capital Spares																
	Rail Infrastructure																
	Rail Lines																
	Rail Structures																
	Rail Furniture																
	Drainage Collection																
	Storm water Conveyance																
	Attenuation																
	MV Substations																
	LV Networks																
	Capital Spares																
	Coastal Infrastructure																
	Sand Pumps																
	Piers																
	Revetments																
	Promenades																
	Capital Spares																
	Information and Communication Infrastructure																
	Data Centres																
	Cable Layers																
	Distribution Layers																
	Capital Spares																
	Community Assets			2,274	781		2,900	2,900	2,900								
	Community Facilities						2,900	2,900	2,900								
	Halls																
	Centres																
	Crèches																
	Child/Car Centres																
	First Aid Stations																
	Testing Stations																
	Museums																
	Galleries																
	Theatres																
	Libraries																
	Cemeteries/Crematorium																
	Police																
	Parks																
	Public Open Space																
	Nature Reserves																
	Public Amenity Facilities																
	Markets																
	Stalls																
	Adopters																
	Ports																
	Taxi Ranks/Bus Terminals																
	Capital Spares																
	Sports and Recreation Facilities			2,274	781												
	Indoor Facilities																
	Outdoor Facilities			2,274	781												
	Capital Spares																
	Heritage Assets				9,934	14,604		19,921	19,921	19,921	19,921	19,921					
	Monuments																
	Historic Buildings				9,934												
	Works of Art																
	Conservation Areas																
	Other Heritage					14,604											
	Investment Assets																
	Revenue Generating																
	Improved Property																
	Unimproved Property																
	Non-revenue Generating																
	Improved Property																
	Unimproved Property																
	Operational Assets																
	Operational Buildings																
	Municipal Offices																
	Payment/Enquiry Points																
	Building Plan Offices																
	Workshops																
	Yards																
	Stores																
	Laboratories																
	Training Centres																
	Manufacturing Plant																
	Depots																
	Capital Spares																
	Housing																
	Staff Housing																
	Social Housing																
	Capital Spares																
	Biological and Cultural Assets																
	Biological or Cultivated Assets																
	Intangible Assets																
	Services																
	Licences and Rights																
	Water Rights																
	Effluent Licences																
	Solid Waste Licences																
	Computer Software and Applications																
	Local Government Software Applications																
	Unspecified																
	Computer Equipment																
	Computer Equipment																
	Furniture and Office Equipment																
	Furniture and Office Equipment																
	Machinery and Equipment																
	Machinery and Equipment																
	Transport Assets																
	Transport Assets																
	Libraries																
	Libraries																
	Zoo's, Marine and Non-biological Animals																
	Zoo's, Marine and Non-biological Animals																
	Total Capital Expenditure on New Assets			84,998	18,605	35,789	30,785	49,206	49,206	44,869	24,969	26,190					



**Table 54 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class**

KZN222 uMngeni - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class											
Description		Ref	2014/15	2015/16	2016/17	Current Year 2017/18		2018/19 Medium Term Revenue & Expenditure Framework			
R thousand		1	Audited 2014/15	Audited 2015/16	Audited 2016/17	Original Budget	Adjusted Budget	Full Year Estimate	Budget Year 2018/19	Budget Year 2019/20	Budget Year 2020/21
<b>INFRASTRUCTURE</b>											
<b>Roads Infrastructure</b>											
Roads											
Road Structures											
Road Furniture											
Capital Spares											
Stormwater Infrastructure											
Drainage Collection											
Stormwater Conveyance											
Attenuation											
<b>Electrical Infrastructure</b>											
Power Plants											
HV Substations											
HV Switching Station											
HV Transmission Conductors											
MV Substations											
MV Switching Stations											
LV Networks											
Capital Spares											
<b>Water Supply Infrastructure</b>											
Dams and Weirs											
Reservoirs											
Pump Stations											
Water Treatment Works											
Bulk Mains											
Distribution											
Distribution Points											
PRV Stations											
Capital Spares											
<b>Sewerage Infrastructure</b>											
Pump Station											
Retention											
Waste Water Treatment Works											
Outfall Sewers											
Treated Effluent											
Capital Spares											
<b>Solid Waste Infrastructure</b>											
Landfill Sites											
Waste Transfer Stations											
Waste Processing Facilities											
Waste Drop-off Points											
Waste Separation Facilities											
Electricity Generation Facilities											
Capital Spares											
<b>Rail Infrastructure</b>											
Rail Lines											
Rail Structures											
Rail Furniture											
Drainage Collection											
Stormwater Conveyance											
Attenuation											
MV Substations											
LV Networks											
Capital Spares											
<b>Coastal Infrastructure</b>											
Beach Pumps											
Piers											
Promenades											
Capital Spares											
<b>Information and Communication Infrastructure</b>											
Data Centres											
Cable Layers											
Distribution Layers											
Capital Spares											
<b>RECREATION ASSETS</b>											
Community Facilities											
Parks											
Centres											
Children's Centres											
Performance Centres											
Teaching Stations											
Museums											
Galleries											
Theatres											
Libraries											
Cinema/Theatre/Dramatic											
Pools											
Public Open Space											
Nature Reserves											
Public Abolition Facilities											
Marinas											
Stalls											
Apostles											
Port/Rail/Bus Terminals											
Capital Spares											
Sport and Recreation Facilities											
Indoor Facilities											
Outdoor Facilities											
Capital Spares											
<b>HISTORICAL ASSETS</b>											
Monuments											
Historic Buildings											
Works of Art											
Conservation Areas											
Other Heritage											
<b>IMPROVED PROPERTY</b>											
Revenue Generating											
Improved Property											
Unimproved Property											
Non-revenue Generating											
Improved Property											
Unimproved Property											
<b>Other assets</b>											
Operational Buildings											
Municipal Offices											
Pay/Security Halls											
Building Plan Offices											
Workshops											
Yards											
Stores											
Laboratories											
Training Centres											
Manufacturing Plant											
Depots											
Capital Spares											
<b>HOUSING</b>											
Staff Housing											
Social Housing											
Capital Spares											
<b>NON-PHYSICAL ASSETS</b>											
Biological or Cultivated Assets											
<b>INTANGIBLE ASSETS</b>											
Services											
Licences and Rights											
Water Rights											
Effluent Licences											
Solid Waste Licences											
Computer Software and Applications											
Loan Settlement Software Applications											
Unsuccessful											
<b>COMPUTER EQUIPMENT</b>											
Computer Equipment											
<b>FURNITURE AND OFFICE EQUIPMENT</b>											
Furniture and Office Equipment											
<b>MACHINERY AND EQUIPMENT</b>											
Machinery and Equipment											
<b>DISPOSABLE ASSETS</b>											
Transport Assets											
<b>LIBRARIES</b>											
Libraries											
<b>ZOO'S, MARINE AND NON-BIOLOGICAL ANIMALS</b>											
Zoo's, Marine and Non-biological Animals											

**Table 55 MBRR SA34c - Repairs and maintenance expenditure by asset class**

KZN22 uMngeni - Supporting Table SA34c Repairs and maintenance expenditure by asset class											
R thousand	Ref	2014/15 Audited Outcome	2015/16 Audited Outcome	2016/17 Audited Outcome	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
					Original Budget	Adjusted Budget	Full Year Estimate	Budget Year 2018/19	Budget Year 2019/20	Budget Year 2020/21	
<b>Infrastructure</b>											
Roads Infrastructure		3,100	18,885	17,856	19,777	19,077	19,077	18,888	18,285	11,387	
Roads		3,840	13,387	11,386	13,884	13,884	13,884	7,083	7,472	3,883	
Road Structures		-	-	-	-	-	-	-	-	-	
Road Furniture		-	-	-	-	-	-	-	-	-	
Capital Spares		-	-	-	-	-	-	-	-	-	
Storm water Infrastructure		-	-	74	167	167	167	215	227	240	
Drainage Collection		-	-	-	-	-	-	-	-	-	
Storm water Conveyance		-	-	74	167	167	167	215	227	240	
Attenuation		-	-	-	-	-	-	-	-	-	
Electrical Infrastructure		2,160	3,419	3,600	2,905	3,255	3,255	2,408	2,405	3,274	
Power Plants		-	-	-	-	-	-	-	-	-	
HV Substations		-	-	-	-	-	-	-	-	-	
HV Switching Station		-	-	-	-	-	-	-	-	-	
HV Transmission Conductors		-	-	-	-	-	-	-	-	-	
HV Substations		2,160	3,419	3,600	2,905	3,255	3,255	2,408	2,405	3,274	
MV Switching Stations		-	-	-	-	-	-	-	-	-	
MV Networks		-	-	-	-	-	-	-	-	-	
LV Networks		-	-	-	-	-	-	-	-	-	
Capital Spares		-	-	-	-	-	-	-	-	-	
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-	
Dams and Weirs		-	-	-	-	-	-	-	-	-	
Boreholes		-	-	-	-	-	-	-	-	-	
Reservoirs		-	-	-	-	-	-	-	-	-	
Pump Stations		-	-	-	-	-	-	-	-	-	
Water Treatment Works		-	-	-	-	-	-	-	-	-	
Sewer Mains		-	-	-	-	-	-	-	-	-	
Distribution		-	-	-	-	-	-	-	-	-	
Distribution Points		-	-	-	-	-	-	-	-	-	
PV Stations		-	-	-	-	-	-	-	-	-	
Capital Spares		-	-	-	-	-	-	-	-	-	
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-	
Pump Station		-	-	-	-	-	-	-	-	-	
Retreatment		-	-	-	-	-	-	-	-	-	
Waste Water Treatment Works		-	-	-	-	-	-	-	-	-	
Outlet Sewers		-	-	-	-	-	-	-	-	-	
Toilet Facilities		-	-	-	-	-	-	-	-	-	
Capital Spares		-	-	-	-	-	-	-	-	-	
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-	
Landfill Sites		-	-	-	-	-	-	-	-	-	
Waste Transfer Stations		-	-	-	-	-	-	-	-	-	
Waste Processing Facilities		-	-	-	-	-	-	-	-	-	
Waste Drop-off Points		-	-	-	-	-	-	-	-	-	
Waste Separation Facilities		-	-	-	-	-	-	-	-	-	
Electricity Generation Facilities		-	-	-	-	-	-	-	-	-	
Capital Spares		-	-	-	-	-	-	-	-	-	
Rail Infrastructure		-	-	-	-	-	-	-	-	-	
Rail Lines		-	-	-	-	-	-	-	-	-	
Rail Structures		-	-	-	-	-	-	-	-	-	
Rail Furniture		-	-	-	-	-	-	-	-	-	
Drainage Collection		-	-	-	-	-	-	-	-	-	
Storm water Conveyance		-	-	-	-	-	-	-	-	-	
Attenuation		-	-	-	-	-	-	-	-	-	
MV Substations		-	-	-	-	-	-	-	-	-	
LV Networks		-	-	-	-	-	-	-	-	-	
Capital Spares		-	-	-	-	-	-	-	-	-	
Coastal Infrastructure		-	-	-	-	-	-	-	-	-	
Sand Pumps		-	-	-	-	-	-	-	-	-	
Dams		-	-	-	-	-	-	-	-	-	
Revetments		-	-	-	-	-	-	-	-	-	
Promenades		-	-	-	-	-	-	-	-	-	
Capital Spares		-	-	-	-	-	-	-	-	-	
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-	
Data Centres		-	-	-	-	-	-	-	-	-	
Core Layers		-	-	-	-	-	-	-	-	-	
Distribution Layers		-	-	-	-	-	-	-	-	-	
Capital Spares		-	-	-	-	-	-	-	-	-	
<b>Community Assets</b>											
Community Facilities		378	4,680	885	1,700	1,700	1,700	1,888	1,881	1,118	
Halls		107	1,781	885	1,000	1,000	1,000	211	222	214	
Centres		-	-	-	-	-	-	-	-	-	
Crochets		-	-	-	-	-	-	-	-	-	
Club/Care Centres		-	-	-	-	-	-	-	-	-	
Fire/Ambulance Stations		-	-	-	-	-	-	-	-	-	
Testing Stations		-	-	-	-	-	-	-	-	-	
Museums		-	-	-	-	-	-	-	-	-	
Galleries		-	-	-	-	-	-	-	-	-	
Theatres		-	-	-	-	-	-	-	-	-	
Libraries		-	-	-	432	432	432	-	-	-	
Cemeteries/Crematoria		208	180	-	208	208	208	71	83	88	
Parks		-	27	-	-	-	-	-	-	-	
Public Open Space		-	9	-	-	-	-	-	-	-	
Nature Reserves		-	-	-	-	-	-	-	-	-	
Public Abolition Facilities		-	-	-	-	-	-	-	-	-	
Markets		-	-	-	-	-	-	-	-	-	
Stalls		-	-	-	-	-	-	-	-	-	
Abattoirs		-	-	-	-	-	-	-	-	-	
Airports		-	-	-	-	-	-	-	-	-	
Taxi Ranks/Bus Terminals		-	-	-	-	-	-	-	-	-	
Capital Spares		-	-	-	-	-	-	-	-	-	
Sport and Recreation Facilities		307	313	-	885	885	885	714	744	753	
Indoor Facilities		-	-	-	-	-	-	-	-	-	
Outdoor Facilities		307	313	-	885	885	885	714	744	753	
Capital Spares		-	-	-	-	-	-	-	-	-	
<b>Heritage Assets</b>											
Monuments		-	-	-	-	-	-	-	-	-	
Historic Buildings		-	-	-	-	-	-	-	-	-	
Works of Art		-	-	-	-	-	-	-	-	-	
Conservation Areas		-	-	-	-	-	-	-	-	-	
Other Heritage		-	-	-	-	-	-	-	-	-	
<b>Human Settlements</b>											
Revenue Generating		-	-	-	-	-	-	-	-	-	
Improved Property		-	-	-	-	-	-	-	-	-	
Unimproved Property		-	-	-	-	-	-	-	-	-	
Non-revenue Generating		-	-	-	-	-	-	-	-	-	
Improved Property		-	-	-	-	-	-	-	-	-	
Unimproved Property		-	-	-	-	-	-	-	-	-	
<b>Public Services</b>											
Operational Buildings		-	-	-	811	3,336	3,336	7,832	7,838	8,378	
Municipal Offices		-	-	-	811	3,336	3,336	7,832	7,838	8,378	
Pay/Inquiry Points		-	-	-	-	-	-	-	-	-	
Building Plan Offices		-	-	-	-	-	-	-	-	-	
Workshops		-	-	-	-	-	-	-	-	-	
Yards		-	-	-	-	-	-	-	-	-	
Stores		-	-	-	-	-	-	-	-	-	
Laboratories		-	-	-	-	-	-	-	-	-	
Training Centres		-	-	-	-	-	-	-	-	-	
Manufacturing Plant		-	-	-	-	-	-	-	-	-	
Depots		-	-	-	-	-	-	-	-	-	
Capital Spares		-	-	-	-	-	-	-	-	-	
Housing		-	-	-	-	-	-	-	-	-	
Staff Housing		-	-	-	-	-	-	-	-	-	
Social Housing		-	-	-	-	-	-	-	-	-	
Capital Spares		-	-	-	-	-	-	-	-	-	
<b>Biological and Cultural Assets</b>											
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	
<b>Intangible Assets</b>											
Services		-	-	-	-	-	-	-	-	-	
Licences and Rights		-	-	-	-	-	-	-	-	-	
Water Rights		-	-	-	-	-	-	-	-	-	
Effluent Licences		-	-	-	-	-	-	-	-	-	
Solid Waste Licences		-	-	-	-	-	-	-	-	-	
Computer Software and Applications		-	-	-	-	-	-	-	-	-	
Local Settlement Software Applications		-	-	-	-	-	-	-	-	-	
Unspecified		-	-	-	-	-	-	-	-	-	
<b>General Equipment</b>											
Computer Equipment		-	-	-	-	-	-	-	-	-	
Furniture and Office Equipment		2,536	3,108	2,483	3,441	3,441	3,441	261	325	340	
Furniture and Office Equipment		2,536	3,108	2,483	3,441	3,441	3,441	261	325	340	
Machinery and Equipment		-	-	-	-	-	-	-	-	-	
Machinery and Equipment		-	-	-	-	-	-	-	-	-	
Transport Assets		-	-	2,146	-	-	-	-	-	-	
Transport Assets		-	-	2,146	-	-	-	-	-	-	
<b>Libraries</b>											
Libraries		-	-	-	-	-	-	-	-	-	
<b>Zoo's, Marine and Non-biological Assets</b>											
Zoo's, Marine and Non-biological Assets		-	-	-	-	-	-	-	-	-	
Zoo's, Marine and Non-biological Assets		-	-	-	-	-	-	-	-	-	
<b>Total Repairs and Maintenance Expenditure</b>		-	42,357	22,508	22,883	25,575	25,575	19,075	20,083	21,189	



**Table 56 MBRR SA35 - Future financial implications of the capital budget**

**KZN222 uMngeni - Supporting Table SA35 Future financial implications of the capital budget**

Vote Description	Ref	2018/19 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24	Present value
<b>R thousand</b>								
<b>Capital expenditure</b>	1							
Vote 1 - Executive and Council		269	284	299	-	-	-	-
Vote 2 - Finance		314	331	349	-	-	-	-
Vote 3 - Corporate Services		329	347	366	-	-	-	-
Vote 4 - Planning Services		5,128	135	142	-	-	-	-
Vote 5 - Community Services		5,280	295	311	-	-	-	-
Vote 6 - Technical Services		23,181	23,602	24,722	-	-	-	-
Vote 7 -		-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-
List entity summary if applicable		-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>		<b>34,500</b>	<b>24,993</b>	<b>26,190</b>	-	-	-	-
<b>Future operational costs by vote</b>	2							
Vote 1 - Executive and Council		-	-	-	-	-	-	-
Vote 2 - Finance		-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-
Vote 4 - Planning Services		-	-	-	-	-	-	-
Vote 5 - Community Services		-	-	-	-	-	-	-
Vote 6 - Technical Services		-	-	-	-	-	-	-
Vote 7 -		-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-
List entity summary if applicable		-	-	-	-	-	-	-
<b>Total future operational costs</b>		-	-	-	-	-	-	-
<b>Future revenue by source</b>	3							
Property rates		-	-	-	-	-	-	-
Service charges - electricity revenue		-	-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-
Service charges - refuse revenue		-	-	-	-	-	-	-
Service charges - other		-	-	-	-	-	-	-
Rental of facilities and equipment		-	-	-	-	-	-	-
List other revenues sources if applicable		-	-	-	-	-	-	-
List entity summary if applicable		-	-	-	-	-	-	-
<b>Total future revenue</b>		-	-	-	-	-	-	-
<b>Net Financial Implications</b>		<b>34,500</b>	<b>24,993</b>	<b>26,190</b>	-	-	-	-



**Table 57 MBRR SA36 - Detailed capital budget per municipal vote**

KZN222 uMngeni - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2018/19 Medium Term Revenue & Expenditure Framework			Project Information	
R thousand	4			2	6	3	3	5		Audited Outcomes 2016/17	Current Year 2017/18 Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	Ward location	New or renewal
Parent municipality:																
List all capital projects grouped by Municipal Vote																
Mphahlele Roads and Storm Water Wards 8,9, 10 and 11																
Mandela Capture Site					Yes	Roads Infrastructure	Roads			12,000	11,000	10,646	11,039	11,539	8,9,10,11	New
Zenzani					Yes	Heritage assets	Heritage assets			16,759	19,500	5,000	-	-		4 New
Lugabon West					Yes	Storm water Infrastructure	Roads			2,000	1,000	-	-	-		3 New
Lions Rivers					Yes	Roads Infrastructure	Roads			1,500	850	-	-	-		4 New
Tumbweled					Yes	Roads Infrastructure	Roads			1,000	700	-	-	-		4 New
Emandeni					Yes	Roads Infrastructure	Roads			1,000	1,000	-	-	-		6 New
Cadara					Yes	Roads Infrastructure	Roads			500	500	-	-	-		6 New
Hlathini Society Ph.3					Yes	Roads Infrastructure	Roads			1,000	2,439	-	-	-		5 New
Sphumelale					Yes	Roads Infrastructure	Roads			-	309	-	-	-		12 New
MIDLANDS PROJECT					Yes	Roads Infrastructure	Roads			886	500	-	-	-		New
FURNITURE AND FITTINGS					Yes	Roads Infrastructure	Roads			-	7,451	12,000	12,000	12,589		3 New
8 ton flat & drop side truck (Parks Gardens)					Yes	Roads Infrastructure	Roads			3,970	3,986	6,854	1,954	2,052		0 New
3 Tractor (Parks Gardens)					Yes	Roads Infrastructure	Roads			-	-	-	-	-		3 New
Rebus Truck (s)					Yes	Roads Infrastructure	Roads			-	-	-	-	-		3 New
Lugabon West Mphahlele Sportsfields					Yes	Roads Infrastructure	Roads			2,000	-	-	-	-		0 New
Parent Capital expenditure	1											34,500	24,983	26,190		0 New
Entities:																
List all capital projects grouped by Entity																
Entity A																
Water project A																
Entity B																
Electricity project B																
Entity Capital expenditure										42,545	49,206	34,500	24,983	26,190		
Total Capital expenditure																

**Table 58 MBRR SA37 - Projects delayed from previous financial year**

KZN222 uMngeni - Supporting Table SA37 Projects delayed from previous financial year/s

Municipal Vote/Capital project	Ref. 1,2	Project name	Project number	Asset Class 3	Asset Sub-Class 3	GPS co-ordinates 4	Previous target year to complete		Current Year 2017/18		2018/19 Medium Term Revenue & Expenditure Framework			
							Year	Original Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21		
R thousand Parent municipality: List all capital projects grouped by Municipal Vote				Examples	Examples									
Entities: List all capital projects grouped by Municipal Entity														
Entity Name Project name														

## 2.13 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting  
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality's website.
2. Internship programme  
The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department. Since the introduction of the Internship programme the Municipality has successfully employed and trained 10 interns through this programme and a majority of them were appointed either in uMngeni Municipality or other municipalities.
3. Budget and Treasury Office  
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee  
An Audit Committee has been established and is fully functional.
5. Service Delivery and Implementation Plan  
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2018/2019 MTREF in June 2017 directly aligned and informed by the 2018/19 MTREF.
6. Annual Report  
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training  
The MFMA training module in electronic format is presented at the Municipality's internal centre and training is ongoing.
8. Policies  
An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

## 2.14 Other supporting documents

Table 59 MBRR Table SA1 - Supporting detail to budgeted financial performance



**KZN222 uMngeni - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'**

Description	Ref	2014/15				2016/17				Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	2015/16 Audited Outcome	2016/17 Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21						
R thousand																	
REVENUE ITEMS:																	
Property rates	6																
Total Property Rates		155,112	201,032	215,123	220,554	220,554	220,554	220,554	220,554	220,554	220,554	253,029	266,677	281,063			
less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		35,613	46,172	52,612	35,326	35,326	35,326	35,326	35,326	35,326	35,326	53,684	56,368	59,186			
Net Property Rates		119,499	154,860	162,511	185,228	185,228	185,228	185,228	185,228	185,228	185,228	199,346	210,310	221,877			
Service charges - electricity revenue	6																
Total Service charges - electricity revenue		52,718	56,672	61,887	78,330	78,330	78,330	78,330	78,330	78,330	78,330	83,688	89,412	95,528			
less Revenue Foregone (in excess of 50 kwh per indigent household per month)																	
less Cost of Free Basis Services (50 kwh per indigent household per month)																	
Net Service charges - electricity revenue		52,718	56,672	61,887	78,330	78,330	78,330	78,330	78,330	78,330	78,330	83,688	89,412	95,528			
Service charges - water revenue	6																
Total Service charges - water revenue																	
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)																	
less Cost of Free Basis Services (6 kilolitres per indigent household per month)																	
Net Service charges - water revenue																	
Service charges - sanitation revenue																	
Total Service charges - sanitation revenue																	
less Revenue Foregone (in excess of free sanitation service to indigent households)																	
less Cost of Free Basis Services (free sanitation service to indigent households)																	
Net Service charges - sanitation revenue																	
Service charges - refuse revenue	6																
Total refuse removal revenue		5,049	5,815	6,273	5,882	5,882	5,882	5,882	5,882	5,882	5,882	12,315 (6,127)	12,992 (6,464)	13,706 (6,820)			
Total landfill revenue																	
less Revenue Foregone (in excess of one removal a week to indigent households)																	
less Cost of Free Basis Services (removed once a week to indigent households)										TRUE							
Net Service charges - refuse revenue		5,049	5,815	6,273	5,882	5,882	5,882	5,882	5,882	5,882	5,882	6,187	6,528	6,887			
Other Revenue by source																	
BUILDING PLAN FEES																	
VALUATION & OBJECTION FEES		2,037	1,533	1,790	1,518	1,518	1,518	1,518	1,518	1,518	1,518	2,537	2,677	2,824			
SHARED SERVICES		197	15	2	3	3	3	3	3	3	3	3	3	3			
RECONNECTION FEES		572	435	912	3,017	3,017	3,017	3,017	3,017	3,017	3,017	558	589	622			
RATES CERTIFICATES		588	155	63	330	330	330	330	330	330	330	357	397	419			
MISCELLANEOUS INCOME		239	265	285	357	357	357	357	357	357	357	1,602	1,690	1,783			
HALL HIRE		158	189	—	188	188	188	188	188	188	188	208	219	244			
LGSETA		220	195	140	208	208	208	208	208	208	208	198	209	221			
BURIAL FEES		89	36	46	188	188	188	188	188	188	188	76	80	85			
STOP ORDER COMMISSION		33	48	45	72	72	72	72	72	72	72	263	267	282			
INSURANCE CLAIMS RECEIVED		41	44	—	46	46	46	46	46	46	46	240	240	240			
Other Revenue		148	—	—	—	—	—	—	—	—	—	283	299	315			
Total 'Other' Revenue	3	5,343	790	2,457	1,607	1,607	1,607	1,607	1,607	1,607	1,607	6,193	6,534	6,893			
	1	9,665	3,703	5,741	7,534	7,534	7,534	7,534	7,534	6,114	6,114	6,193	6,534	6,893			

**Table 59 MBRR Table SA1 - Supporting detail to budgeted financial performance (Continued)**

[illegible]

SA1 Continued



Other Expenditure By Type											
Collection costs	721	885	889	1,023	1,211	1,211	1,211	1,211	1,274	1,345	1,418
Contributions to 'other' provisions	-	-	-	450	450	450	450	450	9,176	9,681	10,214
Consultant fees	7,784	6,380	8,435	5,955	153	153	153	153	-	-	-
Audit fees	1,130	1,229	1,345	1,576	1,576	1,576	1,576	1,576	1,658	1,749	1,845
General expenses	6,974	12,438	24,258	41,307	6,616	6,616	6,616	6,616	6,718	6,044	6,411
GRANTS EXPENDITURE	7,162	8,788	10,912	11,033	11,033	11,033	11,033	11,033	10,270	6,270	8,170
ASSET REGISTER MANAGEMENT	625	16	-	1,732	1,632	1,632	1,632	1,632	1,675	1,767	1,864
REPAIRS AND MAINTENANCE	12,347	21,868	22,525	27,113	31,044	31,044	31,044	31,044	19,036	20,083	21,188
ELECTRICITY	4,513	5,185	6,023	6,469	12,218	12,218	12,218	12,218	11,097	11,707	12,351
MAINTENANCE OF COMPUTER SERVICES	406	508	950	2,048	2,104	2,104	2,104	2,104	2,216	2,335	2,464
LEASE RENTALS ON OPERATING LEASE	2,994	5,254	226	250	955	955	955	955	1,005	1,060	1,118
PURCHASE OF STATIONERY/ inventory	544	416	326	472	505	505	505	505	627	662	698
LEGAL FEES	88	644	836	1,163	2,211	2,211	2,211	2,211	2,079	2,193	2,313
BANK CHARGES	684	720	852	845	858	858	858	858	1,106	1,166	1,230
PURCHASE OF CLEANING MATERIALS / FUEL	69	58	210	94	94	94	94	94	2,554	2,692	2,840
POSTAGES	1,126	1,105	1,312	1,509	1,509	1,509	1,509	1,509	1,105	1,166	1,230
COMMUNICATION EXPENSE	425	651	777	1,008	1,008	1,008	1,008	1,008	1,503	1,585	1,672
HIRING OF VEHICLE SYS	1,625	1,669	1,887	2,018	2,118	2,118	2,118	2,118	2,028	2,139	2,257
FIRE FIGHTING SERVICE	263	398	203	471	561	561	561	561	541	570	602
VALUATION ROLL EXPENSE	2,669	2,513	1,407	2,012	2,012	2,012	2,012	2,012	1,710	1,804	1,903
ADVERTISING	497	549	541	551	923	923	923	923	575	606	639
BANK DEPOSIT SERVICES	73	86	-	106	106	106	106	106	-	-	-
INSURANCE	460	442	296	386	302	302	302	302	522	550	580
IDP EXPENDITURE	684	277	76	377	327	327	327	327	344	361	379
TELEPHONE AND FAX	1,377	1,464	1,293	1,682	1,330	1,330	1,330	1,330	1,573	1,663	1,758
YOUTH CO-ORD PROGRAMMES	508	1,279	1,463	1,842	942	942	942	942	991	1,046	1,104
TMT EXPENSES / WARD COMMITTEES	2,557	1,411	2,546	2,334	1,568	1,568	1,568	1,568	1,650	1,741	1,836
Total 'Other' Expenditure	58,306	76,233	89,588	115,626	85,366	85,366	85,366	85,366	83,032	81,984	88,085

by Expenditure Item													
Employee related costs	8	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted Services	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenditure	12,347	21,868	22,525	23,593	28,619	28,619	28,619	28,619	19,036	20,083	21,188		
<b>Total Repairs and Maintenance Expenditure</b>	<b>9</b>	<b>12,347</b>	<b>22,525</b>	<b>23,593</b>	<b>28,619</b>	<b>28,619</b>	<b>28,619</b>	<b>28,619</b>	<b>19,036</b>	<b>20,083</b>	<b>21,188</b>		

**Table 60 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)**

KZN22 uMngeni - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

R thousand	Ref	Description	Vote 1 - Executive and Council	Vote 2 - Finance	Vote 3 - Corporate Services	Vote 4 - Planning Services	Vote 5 - Community Services	Vote 6 - Technical Services	Vote 7 -	Vote 8 -	Vote 9 -	Vote 10 -	Vote 11 -	Vote 12 -	Vote 13 -	Vote 14 -	Vote 15 -	Total
<b>Revenue By Source</b>																		
1		Property rates	199,346	-	-	-	-	83,688	-	-	-	-	-	-	-	-	-	199,346
		Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	83,688
		Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Service charges - refuse revenue	-	-	-	-	-	6,187	-	-	-	-	-	-	-	-	-	6,187
		Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Rental of facilities and equipment	-	-	802	-	-	-	-	-	-	-	-	-	-	-	-	802
		Interest earned - external investments	-	2,459	-	-	-	-	-	-	-	-	-	-	-	-	-	2,459
		Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Fines, penalties and forfeits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Licences and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Agency services	788	877	447	-	34	737	-	-	-	-	-	-	-	-	-	6,193
		Other revenue	45,358	1,770	-	500	3,938	23,807	-	-	-	-	-	-	-	-	-	75,373
		Transfers and subsidies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Gains on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		<b>Total Revenue (excluding capital transfers and contribution)</b>	<b>245,492</b>	<b>5,106</b>	<b>1,249</b>	<b>3,410</b>	<b>21,743</b>	<b>114,418</b>	-	-	-	-	-	-	-	-	-	<b>391,618</b>
<b>Expenditure By Type</b>																		
		Employee related costs	16,327	14,619	13,928	10,897	28,711	26,716	-	-	-	-	-	-	-	-	-	112,197
		Remuneration of councillors	9,517	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,517
		Debt impairment	-	-	-	-	-	9,878	-	-	-	-	-	-	-	-	-	9,878
		Depreciation & asset impairment	-	32,340	-	-	-	-	-	-	-	-	-	-	-	-	-	32,340
		Finance charges	-	1,139	-	-	-	5,652	-	-	-	-	-	-	-	-	-	6,801
		Bulk purchases	-	-	-	-	-	110,422	-	-	-	-	-	-	-	-	-	110,422
		Other materials	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Contracted services	-	-	-	-	-	25,132	-	-	-	-	-	-	-	-	-	25,132
		Transfers and subsidies	-	-	-	-	-	2,289	-	-	-	-	-	-	-	-	-	2,289
		Other expenditure	23,359	8,114	10,992	2,173	3,270	35,124	-	-	-	-	-	-	-	-	-	83,032
		Loss on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		<b>Total Expenditure</b>	<b>49,203</b>	<b>58,211</b>	<b>24,920</b>	<b>13,070</b>	<b>32,981</b>	<b>215,223</b>	-	-	-	-	-	-	-	-	-	<b>391,608</b>
		<b>Surplus/(Deficit)</b>	<b>196,289</b>	<b>(51,105)</b>	<b>(23,671)</b>	<b>(9,260)</b>	<b>(11,238)</b>	<b>(100,005)</b>	-	-	-	-	-	-	-	-	-	<b>210</b>
		Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	-	-	-	5,000	-	22,646	-	-	-	-	-	-	-	-	-	27,646
		Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>196,289</b>	<b>(51,105)</b>	<b>(23,671)</b>	<b>(4,260)</b>	<b>(11,238)</b>	<b>(78,159)</b>	-	-	-	-	-	-	-	-	-	<b>27,856</b>



**Table 61 MBRR Table SA3 – Supporting detail to Statement of Financial Position**

KZN222 uMngeni - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

KZN222 urgent - Supporting Table S43 Supporting detail to Budgeted Financial Position												
Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
R thousand												
<b>ASSETS</b>												
<b>Call investment deposits</b>	2											
Call deposits		38,548	33,038	4,674	8,423	7,023	7,023	7,023	4,213	6,785	9,875	
Other current investments		-	-	-	-	-	-	-	-	-	-	
<b>Total Call investment deposits</b>		38,548	33,038	4,674	8,423	7,023	7,023	7,023	4,213	6,785	9,875	
<b>Consumer debtors</b>	2											
Consumer debtors		31,354	45,656	64,126	47,774	51,206	51,206	51,206	67,974	72,052	74,214	
Less: Provision for debt impairment		-	-	-	-	-	-	-	-	-	-	
<b>Total Consumer debtors</b>		31,354	45,656	64,126	47,774	51,206	51,206	51,206	67,974	72,052	74,214	
<b>Debt impairment provision</b>												
Balance at the beginning of the year		-	-	-	-	-	-	-	-	-	-	
Contributions to the provision		-	-	-	-	-	-	-	-	-	-	
Bad debts written off		-	-	-	-	-	-	-	-	-	-	
<b>Balance at end of year</b>		-	-	-	-	-	-	-	-	-	-	
<b>Property, plant and equipment (PPE)</b>	3											
PPE at cost/valuation (excl. finance leases)		788,876	765,379	765,225	790,666	796,986	796,986	796,986	763,258	765,866	754,371	
Leases recognised as PPE		-	-	-	-	-	-	-	-	-	-	
Less: Accumulated depreciation		-	-	-	-	-	-	-	-	-	-	
<b>Total Property, plant and equipment (PPE)</b>	2	788,876	765,379	765,225	790,666	796,986	796,986	796,986	763,258	765,866	754,371	
<b>LIABILITIES</b>												
<b>Current liabilities - Borrowing</b>												
Short term loans (other than bank overdraft)		-	-	-	-	-	-	-	-	-	-	
Current portion of long-term liabilities		4,263	4,363	3,504	3,387	3,387	3,387	3,387	3,124	3,312	3,511	
<b>Total Current liabilities - Borrowing</b>		4,263	4,363	3,504	3,387	3,387	3,387	3,387	3,124	3,312	3,511	
<b>Trade and other payables</b>	2											
Trade and other creditors		18,943	29,025	29,176	16,196	16,196	16,196	16,196	20,146	18,428	17,453	
Unspent conditional transfers		22,223	5,922	-	-	-	-	-	-	-	-	
VAT		-	-	-	-	-	-	-	-	-	-	
<b>Total Trade and other payables</b>		41,166	34,947	29,176	16,196	16,196	16,196	16,196	20,146	18,428	17,453	
<b>Non current liabilities - Borrowing</b>	4											
Borrowing		29,453	26,621	23,294	22,985	22,985	22,985	22,985	20,170	16,858	13,348	
Finance leases (including PPP asset element)		-	-	-	-	-	-	-	-	-	-	
<b>Total Non current liabilities - Borrowing</b>		29,453	26,621	23,294	22,985	22,985	22,985	22,985	20,170	16,858	13,348	
<b>Provisions - non-current</b>												
Retirement benefits		-	-	-	-	-	-	-	-	-	-	
List other major provision items		-	-	-	-	-	-	-	-	-	-	
Refuse landfill site rehabilitation		18,117	-	-	-	-	-	-	-	-	-	
Other		30,832	55,849	68,900	21,129	21,129	21,129	21,129	22,186	23,295	24,460	
<b>Total Provisions - non-current</b>		48,948	55,849	68,900	21,129	21,129	21,129	21,129	22,186	23,295	24,460	
<b>CHANGES IN NET ASSETS</b>												
<b>Accumulated Surplus/(Deficit)</b>	1											
Accumulated Surplus/(Deficit) - opening balance		-	-	-	-	-	-	-	-	-	-	
GRAP adjustments		-	-	-	-	-	-	-	-	-	-	
Restated balance		-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit)		26,547	(22,522)	1,658	23,562	42,907	42,907	42,907	27,856	25,535	29,429	
Appropriations to Reserves		-	-	-	-	-	-	-	-	-	-	
Transfers from Reserves		-	-	-	-	-	-	-	-	-	-	
Depreciation offsets		-	-	-	-	-	-	-	-	-	-	
Other adjustments		-	-	-	-	-	-	-	-	-	-	
<b>Accumulated Surplus/(Deficit)</b>			26,547	(22,522)	1,658	23,562	42,907	42,907	42,907	27,856	25,535	29,429
<b>Reserves</b>		2										
Housing Development Fund			15,108	15,108	15,108	-	-	-	-	-	-	-
Capital replacement			-	-	-	-	-	-	-	-	-	-
Self-insurance	-		-	-	-	-	-	-	-	-	-	
Other reserves	127,471		127,471	127,471	-	-	-	-	-	-	-	
Revaluation		-	-	-	-	-	-	-	-	-	-	
<b>Total Reserves</b>		142,579	142,579	142,579	-	-	-	-	-	-	-	
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	169,126	120,057	144,236	23,562	42,907	42,907	42,907	27,856	25,535	29,429	

**Table 62 MBRR Table SA9 – Social, economic and demographic statistics and assumptions**

May 2018

KZN222 uMngeni - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	Ref	Basis of calculation	2001 Census	2007 Survey	2011 Census	2014/15	2015/16	2016/17	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework		
						Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
<b>Demographics</b>												
Population						92,710	92,710	92,710	92,710	92,710	92,710	92,710
Females aged 5 - 14						7,162	7,162	7,162	7,162	7,162	7,162	7,162
Males aged 5 - 14						7,368	7,368	7,368	7,368	7,368	7,368	7,368
Females aged 15 - 34						17,157	17,157	17,157	17,157	17,157	17,157	17,157
Males aged 15 - 34						17,759	17,759	17,759	17,759	17,759	17,759	17,759
Unemployment						9,711	9,711	9,711	9,711	9,711	9,711	9,711
<b>Monthly household income (no. of households)</b>	1, 12											
No income						33,267	33,267	33,267	33,267	33,267	33,267	33,267
R1 - R1 600						12,967	12,967	12,967	12,967	12,967	12,967	12,967
R1 601 - R3 200						8,575	8,575	8,575	8,575	8,575	8,575	8,575
R3 201 - R6 400						4,441	4,441	4,441	4,441	4,441	4,441	4,441
R6 401 - R12 800						4,124	4,124	4,124	4,124	4,124	4,124	4,124
R12 801 - R25 600						3,130	3,130	3,130	3,130	3,130	3,130	3,130
R25 601 - R51 200						1,501	1,501	1,501	1,501	1,501	1,501	1,501
R51 201 - R102 400						481	481	481	481	481	481	481
R102 401 - R204 800						176	176	176	176	176	176	176
R204 801 - R409 600						94	94	94	94	94	94	94
R409 601 - R819 200						-	-	-	-	-	-	-
> R819 200						-	-	-	-	-	-	-
<b>Poverty profiles (no. of households)</b>	13					19000.00	19000.00	19000.00	19000.00	19000.00	19000.00	19000.00
< R2 080 per household per month						0.00	0.00	0.00	0.00	0.00	0.00	0.00
Insert description	2											
<b>Household demographics (000)</b>												
Number of people in municipal area						93	93	93	93	93	93	93
Number of poor people in municipal area						-	-	-	-	-	-	-
Number of households in municipal area						30	30	30	30	30	30	30
Number of poor households in municipal area						-	-	-	-	-	-	-
Definition of poor household (R per month)						-	-	-	-	-	-	-
<b>Housing statistics</b>	3											
Formal						23,485	23,485	23,485	23,485	23,485	23,485	23,485
Informal						1,546	1,546	1,546	1,546	1,546	1,546	1,546
Total number of households						25,031	25,031	25,031	25,031	25,031	25,031	25,031
Dwellings provided by municipality	4					-	-	-	-	-	-	-
Dwellings provided by provincials						-	-	-	-	-	-	-
Dwellings provided by private sector	5					-	-	-	-	-	-	-
Total new housing dwellings						-	-	-	-	-	-	-
<b>Economic</b>	6											
Inflation/interest outlook (CPDQ)												
Interest rate - borrowing												
Interest rate - investment												
Remuneration increases												
Consumption growth (electricity)												
Consumption growth (water)												
<b>Collection rates</b>	7											
Property tax/service charges												
Rental of facilities & equipment												
Interest - external investments												
Interest - debtors												
Revenue from agency services												

**Table 63 MBRR SA32 – List of external mechanisms**

KZN222 uMngeni - Supporting Table SA32 List of external mechanisms

External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
GNG			Debt Collection	31/10/2017	10% prof fee
Siva Chetty			Debt Collection		
Unilateral Unison Insurance			Short Term Insurance	31/10/2017	316
Nshidi & Associates			Vat Assessment Service	30/11/2017	0
Walton's			Supply & Delivery of Stationery	28/02/2018	4



**MUNICIPAL NOTICE NO .....**

**PROPOSED TARIFFS: 2018 / 2019 FINANCIAL YEAR**

**MUNICIPAL NOTICE NO .....**

**PROPOSED TARIFFS: 2018 / 2019 FINANCIAL YEAR**

Notice is hereby given in terms of Section 75A (3) (b) of the Local Government: Municipal Systems Act (Act 32 of 2000), that uMngeni Municipal Council by Resolution taken on ..... resolved to amend the following tariffs as indicated:

**1. Refuse Removal Tariffs**

- |     |                         |   |
|-----|-------------------------|---|
| (a) | Domestic Consumers      | Free up to total market value per property of R200 000.<br>Consumers/Ratepayers with property values in excess of R200 000 will have a monthly charge of R68.50 |
| (b) | Commercial Consumers    | R127.89 per 120ℓ bin per month<br>(One collection per week)   |
| (c) | Government Institutions | R113.69 per bin 120ℓ per month<br>(One collection per week)   |

Sectional title complexes that collect and transport domestic refuse to the landfill site for disposal must make application in writing to the Municipal Manager in order to qualify for reduced refuse removal tariffs subject to all necessary criteria being met.

**The above tariff excludes Vat.**

**2. Electricity Tariffs**

**Domestic Consumers High on Conventional Meters**

BLOCK 1: 0 – 50 Kwh	89c/kwh
BLOCK 2: 51 - 350 Kwh	112c/kwh
BLOCK 3: 351 – 600 Kwh	153c/kwh
BLOCK 4: 601 and above	184c/kwh
Basic Charge	R141 per month

Any domestic consumer in excess of 60 amps will attract the charge of R26.75 per amp per month

These tariffs are applicable in respect of all accounts rendered from 1 July 2018 irrespective of when meter readings were taken

**Domestic Consumers Low on Prepaid Meters**

BLOCK 1: 0 – 50 kwh	91c/kwh
BLOCK 2: 51 - 350 kwh	118c/kwh
BLOCK 3: 351 – 600 kwh	159c/kwh

**Domestic Consumers High on Prepaid Meters**

BLOCK 1: 0 – 50 kwh	92c/kwh
BLOCK 2: 51 - 350 kwh	118c/kwh
BLOCK 3: 351 – 600 kwh	159c/kwh
BLOCK 4: 601 and above	187c/kwh

**Commercial Consumers on Conventional Meters**

Per kwh	R106c/kwh
Basic Charge	R27 per amp per month
Basic Charge commercial	R 1605 /month

These tariffs are applicable in respect of all accounts rendered from 1 July 2018 irrespective of when meter readings were taken.

**Commercial Consumers on Prepaid Meters**

Demand charge	R192.04/kva
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**Commercial Prepaid (Single Phase)**

Commercial Prepaid (Single Phase)

<b>CURRENT</b>	<b>PROPOSED</b>
Energy Charge (R0.00)	R 186.04

Commercial Conventional (Single Phase)

<b>CURRENT</b>	<b>PROPOSED</b>
Basic Charge	R 346.55
Energy Charge	R 1.0575 per kWh

Commercial Conventional (Three Phase Meter)

<b>CURRENT</b>	<b>PROPOSED</b>
Basic Charge	R 919.25
Energy Charge	R 1.0575 per kWh

**Industrial Low**

<b>Seasonal Industrial Low</b>	<b>PROPOSED</b>
Voltage – 400 V (KVA >100)	
Basic Charge	R 2 892.27

#### **Demand Charge Low Season**

Notified demand charge	R 137.17 per kVA
Actual Demand charge	R 15.25 per kVA

#### **Demand Charge High Season**

Notified Demand charge	R 192.04 per kVA
Actual Demand charge	R 21.34 per kVA

#### **Energy Low**

Low Season	R 1.0575 per kVA
High Season	R 1.48 per kVA

### **3. Deposits**

- (a) Domestic Consumers:  
Electricity R1985.16
- (a) All Other Consumers:  
Electricity: Minimum deposit of R 6980.63 but will be  
Based on 2 months consumption.

### **4. Final Meter Reading Fees**

- (a) Domestic Consumers: R 113.41 per reading on request
- (b) All Other Consumers : R 220.50 per reading

### **5. Testing of Meters**

- (a) Domestic meters: R 1561.17 per meter
- (b) Commercial meters: R 2453.26 per meter

**The above tariff excludes Vat.**

## **ELECTRICITY - STANDARD CONNECTIONS**



Electricity:	(Conventional & Prepaid)	R7865.17 per connection.
Electricity:	(Conversion to Pre-paid)	R 819.02 per connection
(The standard conversion tariff applies to indigent applicants only and the application must Be made for a 20 amp circuit breaker or lower)		
Domestic Circuit Breaker upgrades		R1512.05 per change
Any other Circuit Breaker upgrades are at cost plus 10 %		

#### **ELECTRICITY - OTHER CONNECTIONS**

All other electricity connections, beyond the above standard connection are at cost + 20%.

Conversion from conventional to prepaid above 20 amps is at cost + 20%.

All new electricity, water and sewerage connections are made to the boundary of the property and not the dwelling, depending on the technical considerations.

**The above tariff excludes Vat.**

#### **8. Disconnection/Reconnection and Tamper Fees**

Electricity: Disconnection/Reconnection fee	R 487.37
Electricity:	
1 <sup>st</sup> Offence	R3150.10
2 <sup>nd</sup> Offence	R4410.14
3 <sup>rd</sup> Offence	Prosecution.

**The above tariff excludes Vat.**

#### **9. Library Membership Fees**

Adults	R122.87 per annum
Children (under 18)	R77.47 per annum

**The above tariff excludes Vat.**

#### **10. Clearance Certificates and Property Valuation Certificates & Objections**

- (a) Issuing of Clearance Certificates R240.00 per certificate.
- (b) Issuing of Property Valuation Certificates R 130.76 per certificate
- (c) Lodging of Objections: R340.00 per objection for Residential and Non-Residential Properties  
R680.00 per objection for Agricultural Properties  
Refundable if objection is upheld

(d) Lodging of Appeals: R850.00 per appeal for all properties. Refundable if the appeal is upheld by the Valuations Appeals Board

**The above tariff excludes Vat.**

#### **11. Building Plan Fees**

Minor Works and Internal	R189.00
Alterations not affecting the floor area.	
New Buildings, erection or additions:	
(a) For first 20m <sup>2</sup>	R 122.23
(b) For 21m <sup>2</sup> - 50 <sup>2</sup>	R204.12
(c) For 51m <sup>2</sup> - 90m <sup>2</sup>	R302.41
(d) For 91m <sup>2</sup> and above.	R 1360.85 per 10m <sup>2</sup>
	or part thereof save for a 50% reduction on bona fide farming structures utilized for farming purposes in excess 91m <sup>2</sup> .
(e) Approval in principle	30% of Building Plan Fee.
(f) Swimming Pools	R277.21
(g) Drainage charge	R277.21
(h) Petrol, Diesel & Gas	R289.80
(i) Temporary Buildings	R200.34 for each 50m <sup>2</sup> or part thereof.
(j) Pre-cast Concrete Boundary walls	R 186.98
not adjacent to a road boundary but exceeding 1,8 meters in height shall require the submission of an application with sketch plan.	
(k) Pre-cast Concrete Boundary walls 1/2% of the Value of the adjacent to a road exceeding fence – Minimum 1,5 meters in height are subject to the submission of application forms and building plans.	R136.08
(l) Hoarding Fees: Deposit per frontage of 10m <sup>2</sup> or part thereof	R2583.07

	Rental per frontage of 10m <sup>2</sup> or part thereof	R 119.71
(m)	Encroachments	
	Balconies not used for living purposes or business purposes.	R 86.95 per 10m <sup>2</sup> or part thereof.
	Balconies 75% enclosed and attached to business premises and not used or part thereof	R210.42 per 10m <sup>2</sup>
	For business purposes.	
	Balconies used for licensed business purposes.	R919.57 per 10m <sup>2</sup> or part thereof.
	Verandah's	R 89.46 per annum
	Servitudes and Reserves	R142.38 per annum per 10m or part thereof.

## **12. Town Planning Fees**

(a) Subdivision	
- Urban (1-5 Subs)	R 5349.23
- Urban (6-10 Subs)	R 5919.81
- Urban (Above 10 Subs)	R 7013.43
- Rural (1-5 Subs)	R 7750.44
- Rural (6-10 Subs)	R 9198.29
- Rural (Above 10 Subs)	R 10460.71
(b) Subdivision and Consolidation	R 7132.30
Consolidation	R 5349.23
(c) Special Consent	
- Self contained unit with advertising	R 3803.89
- Self contained unit without advertising	R 1545.33
- Other Applications	R 5230.35
(d) Rezoning	
- less than 1 ha	R 5349.23
- 1 ha but less than 5 ha	R 5919.81
- 5 ha but less than 10 ha	R 7013.43
- 1	

0 ha and above	R 8558.76
(e) Extension of Scheme	R 5349.23
Development Outside Scheme	
- 1 ha to 5 ha	R 5824.71
- 6 ha to 10 ha	R 6419.07
- 10 ha and above	R 7013.43

(f) Alteration, Suspension and Removal of restrictive

Conditions of title or conditions of establishment	R 5170.92
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If an applicant for any application is responsible for the advertising, circulation and postage, the application fee will be R 1599 plus VAT per application

(g) Closure of Roads/Open Spaces	R 5468.10
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(h) Amend, Phasing, or Cancellation of layouts	R 5468.10
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(g) Extension of scheme	R 5349.23
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(i) Enforcement

- Spot Fines – Any Illegal Use	R 1545.33
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- Thereafter per day	R 742.95
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(j) Spot Fine – Prohibited Use	R 1545.33
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- Thereafter per day	R 756.03
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(h) Other Fines:

- Fines as per section 75 and 89 of the PDA	As per court order
- Additional penalties in accordance with section 76:	As per court order
- Section 89 Civil Penalties	10 – 100% of value of illegal building Construction etc.

**The above tariff excludes Vat.**

**13. Photocopies/Plotting Charges:**

Copies made by scholars	R 0, 82
A4 Photocopy per page	R 1, 31
A3 Photocopy per page	R 2, 57

A1 G.I.S. print per page	R 5.09
A4 Plotting costs	R 11.52
A3 Plotting costs	R 38.05
A2 Plotting costs	R 56.89
A1 Plotting costs	R 101.11
A0 Plotting costs	R 207.90
AO+Plotting costs	R 221.49
CD Plotting costs	R 84.42
Digital Copies	R 47.24

Wide format Photocopying/plotting Charges

A0 size	R39.89
A1 size	R28.35
A2 size	R15.74
A3 size	R2.20
CD Plotting	R66.14

**The above tariff excludes Vat**

**14. Landfill Site Tariffs**

1. The tariff for the disposal of refuse at the Curry's Post Landfill Site;-
    - a) General domestic refuse, inert trade refuse, per 250kg or part thereof. R47.38
    - b) Mixed refuse (garden, domestic, trade refuse, including builder's rubble) R47.38  
per 250kg or part thereof.
    - c) Industrial sludges, subject to agreement and approval by the Landfill R204.27  
Manager per 250kg or part thereof.
    - d) Builder's rubble and excavated material per 250kg or part thereof; R15.46
    - e) Bulk food waste and condemned food per 250kg or part thereof; R44.19
    - f) Garden refuse, per 250kg or part thereof; R15.46
    - g) Finely divided excavated material with the maximum stone content of 10% R7.12  
And maximum stone size of 100mm per 250kg or part thereof;
    - h) Sawdust and wood waste, per 250kg or part thereof; R72.18
- Provided that no charge shall be payable for the disposal of :-
- i. Garden refuse by bona fide households where such refuse is conveyed R0.00  
Motor cars, trailers with a normal capacity not greater than 0.5 tonne and

- Light delivery vehicles with a normal capacity not greater than 1 tonne and Deposited in the garden refuse containers.
- ii. Builder's rubble by bona fide householders and casual builders where such Rubble is conveyed in vehicles with a nominal capacity not greater than 1 Tonne and deposited in the demarcated area on the Landfill site. R0.00
  - iii. Garden refuse by bona fide householders where such refuse is conveyed In vehicles with a normal capacity not greater than 1 tonne and deposited In the demarcated area on the Landfill site. R0.00
  - iv. Soil, ash and sand which the Landfill Site Manager has agreed in advance Is suitable cover material, delivered in trucks of minimum 5 tonne capacity R0.00
- 2. Tariff for the voluntary weighing of vehicles (per vehicle). R39.10
  - 3. That parking of a vehicle, trailer or container be not more than 8 hours at the Curry's Post Landfill Site, or on the road reserve adjacent to the site for each 8 Hour period (per unit). R433.26
  - 4. Building Rubble: deposit payable when submitting a building plan for approval And refundable upon proof of disposal on the Landfill site. R1456.74
  - 5. Illegal dumping: a collection and disposal fee per 1.75m<sup>3</sup> container load for Refuse or rubble dumped on a road verge in front or next to a property. R1437.96
  - 6. Florescent tubes – complete tubes to be deposited in specialised containers Located in the recycling area. Per 250kg or part thereof. R93.79

#### **Building Plans & Signs Tariffs**

#### **TARIFFS 2018**

Commercial Posters	Amount
1 x Stickers	R14.60 per post +R50 admin fee
13 x Stickers	R10.00 per post +R50 admin fee
10 x stickers	R10.00 per post +R50 admin fee
Awareness Posters	
Up to 1 x Posters	R10.00 +R50 admin fee
Route Markers x1	R10.00 +R50 admin fee
Election Posters x1	



NPO bodies with no Commercial Content/ logo & Subject to the submission of the NPO Certificate.	R10 for x1 poster
Flags & Banners – Special Events	R150.00 per banner +R150 admin fee
Advertising Trailer	R12 000.00 per annum
Trailer Daily rate	R1000
Estate Agents Pointer Boards	R12 000 pa +R150 admin fee
<b>Details</b>	<b>Tariff fees</b>
<b>Onsite Advertising</b>	
Less than 2m <sup>2</sup>	R140.00
No illuminated	R40.00 per m <sup>2</sup>
<b>MEDIA</b>	
Head cover per sign	R3.50 per day including weekends

<b><u>SERVICE STATION &amp; RETAIL SHOPS</u></b>	
Petrol station	R1500 per annum +R50 admin fee
Banners for advertising	R60.00 per banner +R30 admin fee

#### **15. Hall Hire Charges:**

##### **HOWICK WEST HALL**

1. Profit-making / commercial functions such as Banquet, Theatre and the likes:

	<b>TARIFFS</b>
(a) MAIN HALL Charge per 5 hour session:	R 2520.00
Deposit:	R 2520.00
<b>TOTAL</b>	<b>R 5040.00</b>

	TARIFFS
(b) Side Hall Charge per 5 hour session:	R 1300
Deposit:	R 1900.00
<b>TOTAL</b>	<b>R 3200.00</b>

	TARIFFS
© Main and Side Hall Charge per 5 hour session:	R 2520.00
Deposit:	R 2520.00
<b>TOTAL:</b>	<b>R 5040.00</b>

2. For activities relating to Elections:

	TARIFFS
(a) Main Hall Charge per 5 hour session:	R 2520.00
Deposit:	R 2520.00
<b>TOTAL:</b>	<b>R 5040.00</b>

	TARIFFS
(b) Side Hall Charge per 5 hour session:	R 1300.00
Deposit:	R 1900.00
<b>TOTAL</b>	<b>R3200.00</b>
	TARIFFS
(c) Main and Side Hall Charge per 5 hour session:	R 2520.00

Deposit:	R 2520.00
TOTAL:	R 5040.00

3. Fundraising, sporting, religious, political and cultural, and education functions:  
Preparation Time R475.48 per session

	TARIFFS
(a) Main Hall Charge per 5 hour session:	R 1300.00
Deposit:	R 1300.00
TOTAL:	R 2600.00

	TARIFFS
(b) Side Hall Charge per hour session:	R 800.00
Deposit:	R 800.00
TOTAL:	R 1600.00

	TARIFFS
(c) Main and Side Hall Charge per 5 hour session:	R 1900.00
Deposit:	R 1900.00
TOTAL:	R 3800.00

4. Social functions such as Weddings, Receptions, Parties, Choir performance and the likes:  
Preparation Time R475.48per session

	TARIFFS
(a) Main Hall Charge per 5 hour session:	R 1900.00

Deposit:	R 1900.00
TOTAL:	R 3800.00

	TARIFFS
(b) Side Hall Charge per 5 hour session:	R 1400.00
Deposit:	R 1800.00
TOTAL	R 3200.00

	TARIFFS
(c) Main and Side Hall Charge per 5 hour session:	R 2000.00
Deposit:	R 2000.00
TOTAL:	R 4000.00

#### HILTON HALL

1. Profit-making / commercial functions such as Banquets, Theatre and the likes:  
Preparation time R297.17per session

	TARIFFS
(a) Main Hall Charge per 5 hour session:	R 2000.00
Deposit:	R 2000.00
TOTAL:	R 4000.00

	TARIFFS
(b) Verandah only Charge per 5 hour session:	R 1300.00
Deposit:	R 2000.00
TOTAL	R 3300.00

	TARIFFS
(c) Main Hall and Verandah Charge per 5 hour session	R 1300.00
Deposit:	R 2000.00
TOTAL:	R 3300.00

2. For activities relating to Elections:

	TARIFFS
(a) Main Hall  Charge per 5 hour session:	R 1900.00 R 1900.00
Deposit:	
TOTAL:	R 3800.00

	TARIFFS
(a) Verandah only Charge per 5 hour session:	R1300.00
Deposit:	R 2000.00
TOTAL:	R3300.00

	TARIFFS
© Main Hall and Verandah  Charge per 5 hour session:	R 2840.00

Deposit:	R 2840.00
TOTAL:	R 5680.00

3. Fundraising, sporting, religious, political and cultural, and education functions:  
Preparations time R356.61 per session

	TARIFFS
(a) Main Hall Charge per 5 hour session:	R730.00
Deposit:	R730.00
TOTAL:	R 1460.00

	TARIFFS
(b) Verandah only Charge per 5 hour session:	R 730.00
Deposit:	R 730.00
TOTAL:	R 1460.00

	TARIFFS
(c) Main Hall and Verandah Charge per 5 hour session:	R 1300.00
Deposit:	R 1300.00
TOTAL:	R 2600.00

4. Social functions such as Weddings, Receptions, Parties, Choir Performances and the likes:  
Preparation time R 237.74 per session



	TARIFFS
(a) Main Hall Charge per 5 hour session:	R 1900.00
Deposit:	R 1900.00
TOTAL:	R 3800.00

	TARIFFS
(b) Verandah only Charge per 5 hour session:	R 800.00
Deposit:	R 1900.00
TOTAL:	R 2700.00

	TARIFFS
(c) Main Hall and Verandah Charge per 5 hour session:	R 1900.00
Deposit:	R 1900.00
TOTAL:	R 3800.00

#### **MPOPHOMENI HALL AND YOUTH THEATRE**

1. Profit-making / commercial functions such as Banquets, Theatre and the likes:

	TARIFFS
(a) Main Hall Charge per hour session:	R 1400.00
Deposit:	R 1400.00
TOTAL:	R2800.00

2. For activities relating to elections:

	TARIFFS
(a) Main Hall Charge per 5 hour session:	R1400.00
Deposit:	R1400.00
TOTAL:	R2800.00

3. Fundraising, sporting, religious, political and cultural, and educational functions:

	TARIFFS
(a) Main Hall Charge per 5 hour session:	R 800.00
Deposit:	R 1400.00
TOTAL:	R 2200.00

4. Social functions such as Weddings, Receptions, Parties, Choir Performances and the likes:  
Preparation time R237.74 per session

	TARIFFS
(a) Main Hall Charge per 5 hour session:	R 1400.00
Deposit:	R 1400.00
TOTAL:	R 2800.00

HOWICK SOUTH HALL

1. Profit-making / commercial functions such as Banquets, Theatre and the likes:

	TARIFFS
(b) Main Hall Charge per 5 hour session:	R 800.00

Deposit:	R 800.00
TOTAL:	R 1600.00

2. For activities relating to Elections:  
Preparation time R118.87 per session

	PROPOSED TARIFFS
(a) Main Hall Charge per 5 hour session:	R 700.00
Deposit:	R 700.00
TOTAL:	R 1400.00

3. Fundraising, sporting, religious, political and cultural, and educational functions:  
Preparation time R118.87 per session

	TARIFFS
(a) Main Hall Charge per 5 hour session:	R 700.00
Deposit:	R 700.00
TOTAL:	R1400.00

4. Social functions such as Weddings, Receptions, Parties, Choir Performances and the likes:  
Preparation time R237.74 per session

	TARIFFS
(a) Main Hall Charge per 5 hour session:	R 700.00
Deposit:	R 700.00
TOTAL:	R 1400.00

# KWA-MEVANA HALL

## 5. Profit-making / commercial functions such as Banquets, Theatre and the likes:

	TARIFFS
(b) Main Hall Charge per hour session:	R 1400.00
Deposit:	R 1400.00
TOTAL:	R 2800.00

## 6. For activities relating to elections:

	TARIFFS
(b) Main Hall Charge per 5 hour session:	R1400.00
Deposit:	R1400.00
TOTAL:	R2800.00

## 7. Fundraising, sporting, religious, political and cultural, and educational functions:

	TARIFFS
(b) Main Hall Charge per 5 hour session	R 800.00
Deposit:	R 1400.00
TOTAL:	R 2200.00

## 8. Social functions such as Weddings, Receptions, Parties, Choir Performances and the likes: Preparation time R297.71 per session

	TARIFFS
(c) Main Hall Charge per 5 hour session:	R 1400.00
Deposit:	R 1400.00
TOTAL:	R 2800.00

#### LIDGETON HALL

9. Profit-making / commercial functions such as Banquets, Theatre and the likes:

	TARIFFS
(c) Main Hall Charge per hour session:	R 1400.00
Deposit:	R 1400.00
TOTAL:	R 2800.00

10. For activities relating to elections:

	TARIFFS
(c) Main Hall Charge per 5 hour session:	R 1400.00
Deposit:	R 1400.00
TOTAL:	R 2800.00

11. Fundraising, sporting, religious, political and cultural, and educational functions:

	TARIFFS
(d) Main Hall Charge per 5 hour session	R 800.00
Deposit:	R 1400.00

TOTAL:	R 2200.00
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12. Social functions such as Weddings, Receptions, Parties, Choir Performances and the likes:  
Preparation time R297.17 per session

	TARIFFS
(d) Main Hall Charge per 5 hour session:	R 1400.00
Deposit:	R 1400.00
TOTAL:	R 2800.00

13. Fees for the use of the Dorris Robbins Room at the Howick Library:

- |   |                      |
|---|----------------------|
| (a) Promotion of culture i.e. Book discussions, art evaluation or educational instruction | Free                 |
| (b) Religious services and charitable institutions  | R 252.00 per session |
| (c) Commercial undertakings   | R 441.01 per session |

These fees are per session. Morning session 8am to 12 noon and afternoon session 1pm to 5 pm

NOTE: (i) Functions of Provincial and National acclaimed artists are NOT covered on these tariffs as written requests will have to be made to the Municipality.

- (ii) A cancellation fee of 15% of the hire charge will be applicable should the booking be cancelled one month before the event. Should a request for cancellation be received at any time 2 weeks prior to the date of the event, the hire charge or deposit will be forfeited.

#### 16. Animal Pound Charges

- |   |   |
|---|---|
| (a) Transport of animal by LDV or Truck | - R7.00 per Kilometer per animal            |
| (b) Veterinary Services rendered        | - Cost plus 10%                             |
| (c) Pound Fees/Holding Fees             | - Large Animals e.g. Cattle R113.40 per day |
|   | - Small Animals e.g. Sheep R75.60 per day   |
| (d) Administration Fee                  | - R213.96 per animal                        |

#### 17. uMngeni Municipality Sports Complex

May 2018



Field 1

<u>Ad-hoc day Activities</u>	Deposit	=	R2020.59
	Charge	=	R 315.01
<u>Ad-hoc Night Activities</u>	Deposit	=	R 2020.59
	Charge	=	R 504.01 /hr
<u>Season Bookings Day</u>	Deposit	=	R 3280.86
	Charge p/day	=	R 113.40
<u>Season Booking Night</u>	Deposit	=	R3280.86 /Season
	Charge p/night	=	R276.97/hr

2. Field 2

<u>Ad – hoc Day</u>	Deposit	=	R2020.81
	Charge	=	R113.40
<u>Ad-hoc Night</u>	Deposit	=	R2020.81
	Charge	=	R 113.40/hr
<u>Season Booking Day</u>	Deposit	=	R 3280.86/Season
	Charge	=	R 63.00/Day
<u>Season Booking Night</u>	Deposit	=	R 3280.86/Season
	Charge	=	R 88.21/hr

3. Indoor Centre

<u>Ad-hoc (Lights Day &amp; Night</u>	Deposit	=	R 2020.81
	Charge	=	R 202.07/hr
<u>Season Booking</u>	Deposit	=	R 3280.86
	Charge	=	R 202.07/hr

4. Bar and Restaurant

Electricity	=	As metered
Water	=	As metered
Lease	=	As per Bid

Deposit	=	R 10710.34/year
Maintenance	=	Clean entire grand stand facility
Admin responsibility	=	Report to Municipality on users monthly

5. Gym

Electricity	=	As metered
Water	=	As metered
Lease	=	As per Bid
Deposit	=	R 10710.34/year
Maintenance	=	Clean entire Indoor Centre
Admin Responsibilities	=	Report to Municipality on users monthly

**18. Ranking and Transport Permit Fees**

1.1 Minibus Taxi

R 301.08 per annum plus R55.75 Application fee non refundable

1.2 Buses (GVM greater than 3500kg)

R167.26 per annum plus R55.75 application non refundable

1.3 Metered Taxi (Less than 5 seats)

R167.26 per annum plus R55.75 application fee non refundable

1.4 Tour and Transport Vehicles

R278.78 per annum plus R55.75 application fee non refundable

1.5 Scholar Transport Vehicles

R 278.78 per annum plus R55.75 application non refundable

1.6 Lost and Renewal

50% of initial fee plus R55.75 application fee non refundable

1.7 Replacement permit R334.53

**19. Cemetery Tariffs**

**Resident**

- i. Opening Grave for exhumation R955,14 (incl 15% VAT)
- ii. Internment of ashes R955.14 (incl. 15% VAT)
- iii. Opening of single grave for internment:
  - a. to depth of 1,85m (adult/child under 12months, incl. stillborn)R955,14 (incl 15% VAT)
  - iv. b.to depth of more than 1,85m, for each additional 300mm R87,30 (incl 15% VAT)
- v. Purchase of single grave plots in perpetuity/reserved R1920,27(incl 15% VAT)
- vi. Permission to erect memorial R174,57 (incl. 15% VAT)
- vii. An additional R196,65 (incl 15% VAT) is payable for burials taking place between 16h00 on one day through to 9h00 the following day over weekends and holidays.

All charges are payable in advance.

**Non-Resident**

(As per numbering above - all tariffs incl of 15% VAT).

- I. R1464
- II. R1464
- III. R1464
- IV. R87,30
- V. R2094,84
- VI. R349,14

This should apply to all Cemeteries: Valley of Rest, Lions River, Curry's Post, Mpophomeni, Hilton Garden of Remembrance, Miller Street - memorial wall only as all other reserved graves have been paid for and there are no other burial sites, similarly for Prospect Road Cemetery. Interest on all arrear accounts will be charged at the rate of 1% per month and any part of a month shall be considered as a full month.

The date on which this notice will be first displayed on the municipal notice board is 01 July 2018.

These tariffs will come into operation on 1 July 2018.

**Ms T. CIBANE**

**Municipal Manager**

**P O Box 5**

**HOWICK**

**3290**



## **ASSESSMENT OF GENERAL RATES FOR 2018/ 2019**

**MUNICIPAL NOTICE NO: .....**

## **ASSESSMENT OF GENERAL RATES FOR 2018/ 2019**

Notice is hereby given in terms of Section 14 of the Local Government: Municipal Property Rates Act No 6 of 2004, that by Resolution taken 31 May 2018 the Council of uMngeni Municipality has resolved to determine the rates payable on all ratable property within the area of uMngeni Municipality for the financial year 1 July 2018 to 30 June 2019 at 1.50 cents in the rand on the market value of the property as stated in the valuation roll.

All rebates and exemptions are contained in the Rates Policy and may in certain instances be applied to the rate as assessed above.

### **General:**

1. Rates will be payable monthly in twelve (12) equal installments with the first installment payable on 31 July 2018 and the last installment payable on the 30 June 2019.
2. The date on which the determination of rates came into operation is 01 July 2018.
3. Any rates remaining unpaid for a period longer than 3 months will be subject to legal action to be instituted to recover the arrear amount.
4. Any rates that are not paid on the due date will be subject to interest at the rate of 1% per month or part thereof.
5. The date on which the notice was first displayed on the Municipal Notice Board is 01 July 2018.
6. This notice is also available on uMngeni Municipality's website [www.umngeni.gov.za](http://www.umngeni.gov.za)
7. Pensioner and disability rebate will be granted to qualifying persons whose income doesn't exceed R 11 500.00 per month.
8. The municipality will grant 1.5% discount on early payment to all customers
9. A collection of 10% will be raised on the amount outstanding on 28 February 2019.

**Ms T. CIBANE**

**MUNICIPAL MANAGER**

**PO BOX 5**

**HOWICK**

**3290**

## Municipal manager's quality certificate



**uMngeni Municipality**

PO Box 5  
3290  
Howick, South Africa

Tel: +27 (33) 239 9200  
Fax: +27 (33) 330 4183  
Email: [manager@umngeni.gov.za](mailto:manager@umngeni.gov.za)  
Website: [www.umngeni.gov.za](http://www.umngeni.gov.za)

### OFFICE OF THE MUNICIPAL MANAGER

#### Quality Certificate

I, Ms Thembeke Cibane, Municipal Manager of uMngeni Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

PRINT NAME

THEMBEKA CIBANE

MUNICIPAL MANAGER OF

UMNGENI MUNICIPALITY (KZN222)

SIGNATURE

DATE

30 MAY 2018

## **Certification that the adopted budget for 2018/19 is correctly captured and locked on the municipality's financial management system**

*(as requested by National Treasury in terms of section 74 of the MFMA, with reference to paragraph 6.3 of MFMA Budget Circular 59 dated 16 March 2012)*

I, **Thembeka Cibane**, in my capacity as acting accounting officer of the municipality, hereby certify that:

- The adopted annual budget has been captured on the municipality's financial system;
- There is 100 per cent reconciliation between the budget on the system and the budget adopted by council;
- The adopted annual budget on the municipality's financial system is locked and will not be changed as it serves as the baseline against which to monitor and measure performance; and
- The relevant budget return forms have been submitted to the local government database.

I, further certify that the municipality has in place controls to ensure that any changes to the adopted budget will be captured separately and only in accordance with:

- a virement authorised by the municipal manager, or duly delegate official, in terms of a council approved virements policy; and
- an adjustments budget approved by council.

Print Name THEMBEKA CIBANE

Municipal manager of UMNGENI MUNICIPALITY

Signature



Date

31/06/2018

This certificate must be submitted to National Treasury by close of business 16 July 2018 at the following email address: [lgdocuments@treasury.gov.za](mailto:lgdocuments@treasury.gov.za).

Also send copies to the *Auditor General* and the relevant provincial treasury





**uMngeni Municipality**

PO Box 5  
3290  
Howick, South Africa

Tel: +27 (33) 239 9266  
Fax: 033-3304183  
Email: [manager@umngeni.gov.za](mailto:manager@umngeni.gov.za)  
Website: [www.umngeni.gov.za](http://www.umngeni.gov.za)

Our Ref.: .....  
Your Ref.: .....  
Date:

## **Office of the Municipal Manager**

### **COUNCIL COMMITTEE MEETING HELD ON WEDNESDAY 30 MAY 2018 AT 09:10AM IN UMNGENI MUNICIPALITY COUNCIL CHAMBER.**

#### **C.0518.54 TABLING OF 2018/19, 2019/20 AND 2020/21 BUDGET**

On a proposal moved by, Councillor SD Nkuna supported by the Deputy Mayor, Councillor NF Buthelezi, it was

#### **RESOLVED**

1. That in terms of Section 24 of the Municipal Finance Management Act, 56 of 2003, the draft annual budget of uMngeni Municipality for the financial year 2018/2019 and indicative allocations for the two projected outer years 2019/2020 and 2020/2021, and the multi-year and single year capital appropriations are approved as set out in the following tables:
  - 1.1 Budgeted Financial Performance (revenue & expenditure by standard classification)
  - 1.2 Budgeted Financial Performance (revenue and expenditure by Municipal vote)
  - 1.3 Budgeted Financial Performance (revenue by source and expenditure by type)
  - 1.4 Single year capital appropriations by municipal vote and standard classification and associated funding by source.
2. That the financial position, cash flow, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are adopted as set out in the following tables
  - 2.1 Budgeted Financial Position
  - 2.2 Budgeted Cash Flows
  - 2.3 Cash backed reserves and accumulated surplus reconciliation
  - 2.4 Asset Management
  - 2.5 Basic service delivery measurement
3. That in terms of Section 24(2)(c)(i) and (ii) of the Municipal Finance Management Act, 56 of 2003 and Sections 74 and 75A of the Local Government: Municipal Systems Act, Act 32 of 2000 as amended, the draft tariffs for the supply of electricity, refuse removal and all other tariffs as set out in Other Supporting Documents be approved.
4. That in terms of Section 5 of the Municipal Property Rates Act, 6 of 2004, the draft rates policy be approved.

5. That in terms of Section 24(2)(c)(v) of the Municipal Finance Management, Act, 56 of 2003 the various draft budget-related policies be approved.
6. Assessment of the 2018/2019 Annual budget from Provincial Treasury.
7. That in terms of Section 14 of the Municipal Property Rates Act, 6 of 2004 the draft rate randage and conditions as set out in Other Supporting Documents be approved.
8. That in terms of Section 24(2)(c)(ii) of the Municipal Finance Management Act, 56 of 2003, the measurable performance objectives for draft capital and operating expenditure by vote for each year of the medium term revenue and expenditure framework be approved.
9. That the Basic Services Package of Electricity and Refuse Removal as set out in the Tariff Policy be approved.
10. That the salaries, wages and allowances of all employees must be increased as per Salary and Wage Collective Agreement.
11. Approved in accordance with the Gazette on the Remuneration of Public Officer Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published on 21 December 2015 by the Department of Cooperative Governance

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Certified true extract of the minutes of the meeting

Signed \_\_\_\_\_

Ms T Cibane  
Municipal Manager